







A SHORT HISTORY  
OF THE WORLD SINCE 1918

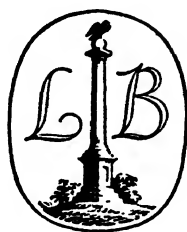




# A SHORT HISTORY OF THE WORLD SINCE 1918

*by*

J. Hampden Jackson



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## INTRODUCTION

THE aim of this book is to make the history of the world in the two postwar decades intelligible to the ordinary average reader. It will bore specialists and anger partisans.

The main theme is a simple one (and yet not easy to trace; this introduction, like most of its kind, should perhaps be read last). In the nineteenth century the development of machine-industry put riches and power into the hands of the peoples of Western Europe and North America. They used their power to extend their Western civilization to other parts of the world, and their riches to make more riches by specializing in machine production, using the rest of the world as sources for their raw materials and as potential markets for their machine-made goods. At the beginning of the twentieth century these "backward" races began to rebel against Western domination: there was a revolution in Russia in 1905, in Mexico in 1910, in China in 1911. Then the rivalry between the industrialized nations of Europe for foreign markets led to the war of 1914-1918, in which the whole world was directly or indirectly involved.

The victorious Powers used their victory for two purposes: to cripple their vanquished European neighbors and to extend their economic supremacy outside Europe—the United States "developed" the rest of America; Great Britain and France competed for control of the Near East. The consequence of this might have been foreseen. The crippled nations, Germany and Austria, threw the body politic of Europe out of joint. And the revolt of the backward nations which had begun before the war continued with renewed impetus. Russia underwent a second and complete revolution; the Chinese revolution went into a militant phase and found a new enemy in Japan—the first non-Western Power to adapt the secrets of industrialism to its own uses. The revolt spread to Arabia, to India, to the East Indies, to Africa.

Meanwhile the Western Powers, handicapped by the task of paying for the war, by the new independent spirit abroad and by the militant

spirit which their oppression had created in Central Europe, suddenly found their economic structure top-heavy. A financial crisis developed in New York, in Vienna, in London and spread to the rest of the world. The industrial countries could not afford to pay the old prices for raw materials, the raw-material-producing countries could not afford to buy industrial goods. In 1929 trade between nations began to dwindle rapidly.

Nobody knew the cause of the trouble. One only knew that here was a crisis; and a crisis, whatever the cause, demands discipline. In the cause of discipline democratic citizens submitted, more or less consciously, to political dictatorship and individualist businessmen to economic planning. In every nation the inhabitants drew more closely together, sheltering from the economic storm behind tariff walls and a policy of national self-sufficiency. International distrust increased and attempts at international co-operation in the critical years 1929-1938 failed.

Such is the main theme of the postwar history of the world. It might be developed in one of two ways: either period by period, taking first the years of transition (1918-1923), second the years of plenty (1923-1929), third the lean years (1929-1933), and last the years of fear (1934-1938); or continent by continent, taking first the peace settlement and its consequences in Europe, then the story of the revolts against Western domination in Russia, in the Islamic States, in the Far East and in Africa, then the simpler story of America — the great boom, slump and partial recovery of the United States and their repercussions in the other nations of that continent — and finally a consideration of the international aspects of the crisis and the international attempts at recovery. The latter plan has been adopted in this book.

It is impossible to be impartial when writing of things of which one is part. It is impossible to be accurate when writing of movements which are still in progress. All that can be hoped is that whatever bias there may be is unobtrusive and whatever inaccuracies, obvious.

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## PART ONE: EUROPE



## I · THE PEACE CONFERENCE

It is difficult to remember now why the World War was fought. In 1917 it was even more difficult to remember. Eight million young men had laid down their lives—for what? The survivors in the trenches did not know—to them it seemed a hideous mistake, a vast madness; they were ready to stop fighting even if it meant desertion: in May a French army mutinied, in November the Russian armies and fleet mutinied, turned against the régime which had led them into war, and overthrew it. The statesmen and leaders of the European Powers did not know—they were too much engrossed in the business of winning the war to remember what they were fighting for. Outlines of the settlement they meant to enforce were drafted by this Power and by that, but none offered a basis for a peace that anyone but its authors could expect to be lasting. The most enlightened of the Allies seemed to have been bemused by the prospect of loot. Even General Smuts, writing a memorandum for the Imperial War Cabinet, could get no further in a statement of war aims than to insist on:—

“(a) Destruction of the German Colonial System, with a view to the future security of all communications vital to the British Empire. This has already been done—an achievement of enormous value which ought not to be endangered at the peace negotiations.

“(b) Tearing off from the Turkish Empire all parts that may afford Germany opportunity of expansion to the Far East and of endangering our own position as an Asiatic Power. This has essentially been achieved, although the additional conquest of Palestine may be necessary to complete the task.”

Of the leaders of the belligerent Powers only one was far enough removed from the heat of battle to give a clear statement of war aims in which all sides could acquiesce. President Wilson of the United States announced his Fourteen Points on January 8, 1918. In February he supplemented them by “four principles” and later added certain (largely repetitive) “ends” and “particulars.” Wilson’s Points and their

appendices, which he stressed throughout the spring, summer and autumn in speech after speech, spread over the world like a gospel. For the ideas of the new prophet risen in the West, Arabs, Kurds and Egyptians turned against their Ottoman war lords; Serbs, Croats, Slovenes and Czechs against the imperialism of Vienna; Bulgaria surrendered — unconditionally, for what did conditions matter if the ultimate peace was to be based on the Fourteen Points? Even Germans, with Wilson's ideals before them, rebelled against their imperialist rulers, who in March 1918 had imposed terms upon Russia at Brest Litovsk which involved robbing Russia of her richest provinces and sending German forces to occupy them from Finland and the Baltic States to the Ukraine and the Black Sea. In October a Liberal ministry under Prince Max of Baden was formed to sue for peace on the basis of the Fourteen Points, and when negotiations lingered the German Fleet mutinied and revolution broke out in the north and in the south, overthrew the Monarchy and established a Social Democratic Government which signed the Armistice on November 11.

The terms of the Armistice were unexpectedly severe, but what did that matter? The Allies had promised that the terms of peace would be based on the Fourteen Points subject to two reservations: first they ruled out the second Point (see below), and secondly they demanded that in the invaded territories there should be "compensation for all damages done to civilian populations of the Allies and their property by the aggression of Germany by land, sea and air."

*Wilson's Idea of Peace.* The principles of President Wilson involved nothing very startling, nothing very new, nothing that had not been mooted by idealists for generations. They were important because they were put forward by the President of the most powerful nation in the world, the nation on which the European Powers were at that moment dependent for supplies of food and money, and because they were accepted by Allies and Central Powers and by every oppressed race, tribe and caste in Europe, Asia and Africa as the basis for enduring peace, the charter of liberties for the new age. For the first time in the history of the world an international settlement was to be based upon definite ethical ideals.

Wilson's principles may be summed up in two slogans: Self-Deter-

mination and the Rule of Law, which being interpreted mean that each national group must be allowed the same rights of determining its own government as is accorded to individuals in democratic countries, and that their relations with each other must be conducted according to a common law, as relations between individuals are regulated. In Wilson's own words:—

Each part of the final settlement must be based upon the essential justice of that particular case. Peoples and provinces must not be bartered about from sovereignty to sovereignty as if they were pawns in a game. Every territorial settlement must be in the interests of the populations concerned, and not as a part of any mere adjustment or compromise of claims among rival States. All well-defined national groups must be accorded the utmost satisfaction that can be accorded without introducing new, or perpetuating old, elements of discord and antagonism. . . . The consent of all nations to be governed in their conduct towards each other by the same principles of honour and respect for the common law of civilized society that governs the individual citizens of all modern states.

The Fourteen Points are worth summarizing; their phrases were echoed all over the world in 1918:—

- (1) "Open covenants of peace openly arrived at."
- (2) "Absolute freedom of navigation upon the seas outside territorial waters alike in peace and war . . ."
- (3) "The removal, as far as possible, of all economic barriers."
- (4) "Adequate guarantees given and taken that national armaments will be reduced to the lowest point consistent with domestic safety."
- (5) "A free, open-minded and absolutely impartial adjustment of colonial claims based upon a strict observance of the principle that in determining all such questions of sovereignty the interests of the populations concerned must have equal weight with the equitable claims of the Government whose title is to be determined."
- (6) "The evacuation of all Russian Territory. . . . Russia to be given unhampered and unembarrassed opportunity for the independent determination of her own political development and national policy." Russia to be welcome, "and more than welcome," in the League of Nations "under institutions of her own choosing" and to be given every form of assistance.
- (7) Belgium to be evacuated and restored.
- (8) France to be evacuated, the invaded portions "restored" and Alsace-Lorraine returned to her.



(9) "A readjustment of the frontiers of Italy should be effected along clearly recognizable lines of nationality."

(10) "The peoples of Austria-Hungary . . . to be accorded the freest opportunity for autonomous development."

(11) Rumania, Serbia and Montenegro to be evacuated, occupied territories to be "restored." Serbia to be given free access to the sea.

(12) Turkish portions of Ottoman Empire to be assured "a secure sovereignty." Subject nationalities to be assured security and "absolutely unmolested opportunity of autonomous development."

(13) Independent Polish State to be erected "which should include territories inhabited by indisputably Polish populations, which should be assured a free and secure access to the sea."

(14) A general association of nations to be formed under specific covenants "for the purpose of affording mutual guarantees of political independence and territorial integrity to great and small States alike."

A month after the signing of the Armistice President Wilson came to Europe. He descended like Moses from the mountain, bearing the tables of the law. And like Moses he found that the men he had come to lead were worshipping a graven image, the old idol of war. Lloyd George had just won an election on the slogan "Make Germany Pay" and had behind him the most vindictive, most jingo House of Commons England had ever known. In France the President, Poincaré, was determined to wipe Germany off the map, Marshal Foch wanted to carve out a buffer-state under French protection on the Rhine, and the Prime Minister, Clemenceau, though less extreme, was openly skeptical about the Fourteen Points: "The American President," he would say, "has fourteen Commandments; the Good Lord Himself had only ten." In Italy, Greece and Rumania the Prime Ministers and the majorities behind them were opposed to the Points: they wanted the loot they had been promised by secret treaties as the price of their intervention. Italian statesmen, for instance, were claiming the Trentino, the Tyrol and the Dalmatian coast under the terms of the Treaty of London of 1915. Wilson protested that he had heard nothing of these secret treaties. Nobody believed him.

The first full session of the Peace Conference opened in Paris on January 18, 1919. The choice of Paris was the first setback to Wilsonism, for in Paris war-fever raged higher than anywhere else. A second set-

back was the absence of any representatives of Germany or of her allies, or of Russia. A third setback occurred during the opening meeting: obviously nothing could be decided if every one of the fifty-three Allied and Associated Powers were to discuss every point in public; the Conference delegated the work of drawing up the treaties to a Council of Ten, consisting of the Prime Ministers and Foreign Ministers of the five leading Powers — America, Britain, France, Italy and Japan. This meant the rejection of Wilson's first point: "Open covenants of peace openly arrived at."

Wilson realized the difficulties before him and decided upon a very simple strategy. He put the League of Nations, his fourteenth Point, first upon the agenda of the Conference and worked for that only, shutting his eyes to everything else. The Covenant of the League was to be the real Peace Settlement; the actual treaties would be mere appendages, embodying the various Points and working out details.

The ideal of a League of Nations was not of course new. European statesmen had attempted to achieve it in forms as old as the Holy Roman Empire and as recent as the Holy Alliance. Wilson's ideal was new only in that it included all the nations of the world, non-Christian as well as Christian, vanquished as well as victors and neutrals. He himself had no very definite conception of the form it was to take; he looked to others for suggestions to be embodied in the Covenant which was to be the constitutional law of the League. Lord Phillimore contributed one draft for the Covenant, Wilson's own assistant, Colonel House, added the suggestion that there should be a permanent international Secretariat acting as a clearinghouse for international reforms, and a Permanent International Court. The South African, General Smuts, put forward a scheme for a Council, to be the Cabinet, as it were, of the League, and proposed a method for administering the colonies and national minorities of the defeated Powers by which experienced States should be invited to accept the task of training the new "Nations" to the responsibility of self-government — a method for which he coined the blessed word *Mandate*. The English statesman, Lord Robert Cecil, confirmed Smuts's suggestions, and added a clause giving the Greater Powers a majority on the League Council. The Frenchman, Léon Bourgeois, proposed that the League should

have at its disposal an international army to enforce its decisions, but this proposal was rejected.

The Allied Ministers were distrustful of the League idea and highly impatient of the delay involved by the drafting of the Covenant. Wilson held obstinately to his course and won his first diplomatic victory by getting the Conference to accept the principle "that this League should be treated as an integral part of the General Treaty of Peace." On February 14 the Covenant of the League was accepted by the Conference and a day later Wilson sailed, tired but triumphant, to fulfill Presidential duties in America. He would be away from Paris for four weeks.

So far the Conference had gone on Wilson's lines. General principles had been laid down but nothing whatever had been *settled*. Wilson had proved himself a disappointing and exasperating man. His frigid aloofness, his way of treating his collaborators with what a journalist called "the glacial geniality of a headmaster receiving his assistants on the first day of a new term," his ignorance of the realities of the European situation (even of European geography: he thought that Prague was in Poland, Sarajevo in Serbia and that the inhabitants of the south Tyrol were Italian in race), his slowness of mind and contempt of compromise made it unlikely that anything would ever be settled while he was in command of the situation. The necessity for making some settlement quickly became more obvious every day. Armed forces were establishing new frontiers *de facto* in Central and in Eastern Europe, and not less than twenty-three little wars were being waged in various parts of the world. An epidemic of influenza was spreading over every country, striking down millions of men, women and children whose power to resist disease had been weakened by the privations of the war years. Famine was killing hundreds of thousands in Russia, in Germany, in Austria and in Hungary, where the Allied blockade to keep out food supplies was maintained.<sup>1</sup> And a menace even worse than war, pestilence and famine was threatened from the East: it was likely that Europe would be swamped by Bolshevism if a peace that would establish democratic government were not made quickly. No one in Paris in those days knew what Bolshevism meant:

<sup>1</sup> The blockade of Germany was partially lifted when General Plumer refused to enforce the order forbidding the men of the Army of Occupation to share their rations with starving civilians.

they saw it as a Red Terror, a mania for destruction which had convulsed Russia, which was battling with the Social-Democratic leaders in Germany, and which, in that March 1919, was overthrowing democracy by murdering the leaders of the new Republic of Hungary.

*Clemenceau's Peace.* Speed, then, was the first necessity. Somehow Wilson must be jockeyed out of the controlling position in the Conference. While he was away somebody — probably Lloyd George — proposed and carried a reform in procedure. The Council of Ten was too unwieldy, the supreme deliberative body must be smaller — a Council of Four: Wilson, Lloyd George, Clemenceau and Orlando, the Italian. When Wilson returned he was to be shut up in secret conference, without advisers or experts, with Lloyd George, who was tied by secret treaties to the partition of territory among the Allies; Orlando, who was interested in nothing but getting the Adriatic for Italy; and Clemenceau, whose only article of faith was that Germany could never be trusted and must consequently be crushed, crushed beyond possibility of revival. In this four-handed game Clemenceau held the trumps. He alone understood both French and English (Wilson and Lloyd George spoke no French, Orlando no English); he alone knew exactly what he wanted. He had a hold over Lloyd George, who had promised the English electors to Make Germany Pay and must therefore acquiesce in Clemenceau's insistence on reparations. And he had a hold over Wilson. Had he not agreed to Wilson's Covenant? Had he not snubbed Foch for suggesting an Allied march through Germany against the Russian Bolsheviks? Had he not accepted Wilson's veto on the French proposal of a buffer State to be carved out of the German Rhineland? Was Wilson not therefore under an obligation to do something for Clemenceau? There was one other point: Clemenceau knew that the American Congress would not support the League unless a clause was inserted into the Covenant ratifying the American Monroe Doctrine, by which American interference in European affairs or European interference in America was barred. If Wilson would agree to the punishment of Germany, Clemenceau would grant him that clause.

Wilson was in a terrible dilemma. Lloyd George seemed to be on his side now and was advising him to resist Clemenceau: in a Memorandum of March 25 Lloyd George proposed a Wilsonian peace in-

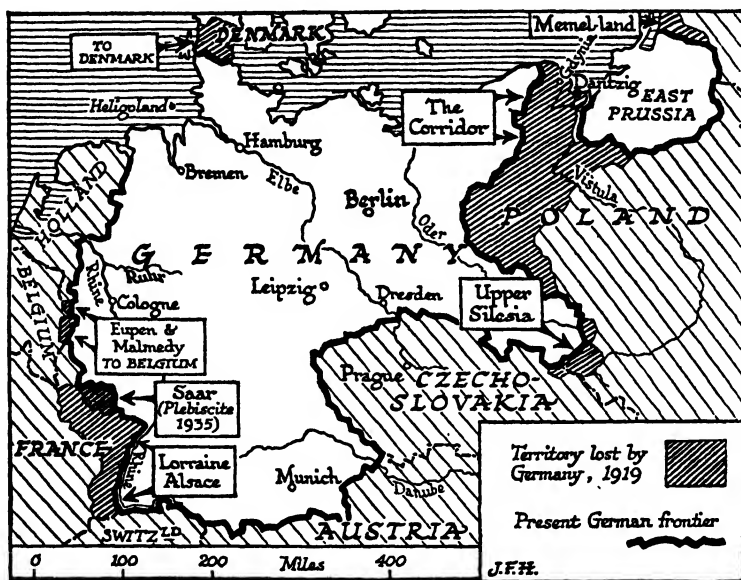
cluding general disarmament, the preservation of the Magyar State intact, the admission of Germany to the League, and a peace which Germans could accept as fair. But Clemenceau was adamant. Wilson realized that without the Monroe Clause America would refuse to join the League, and the League would be half-impotent and his own life's work go for nothing; he wavered and went ill—a victim of the 'flu epidemic. When he was well enough to work again his power of resistance was broken: he accepted Clemenceau's offer of the Monroe Clause ("Nothing in this Covenant shall be deemed to affect the validity of international engagements, such as treaties of arbitration or regional understandings like the Monroe Doctrine, for securing the maintenance of peace . . ."). In return he signed the death warrant that Clemenceau had prepared for Germany.

*Versailles.* Meanwhile no word of all this had leaked out in Germany. When the German plenipotentiaries were summoned to Versailles in May they had no idea of the nature of the Peace that was to be presented to them. Their leader, Count Brockdorff-Rantzau, an aristocrat whose democratic principles and wide culture had brought him naturally to the post of Foreign Minister in the newly republican Germany, half-expected that the treaty would be in the form of proposals which the Central Powers would be invited to discuss with the Allies at a General Congress. This indeed was the understanding on which the experts who had drafted the treaty had worked: they had drawn up a preliminary treaty containing their maximum demands, expecting that the Germans would be allowed to collaborate in arranging the final treaty. But at the last moment it had been decided that there was to be no negotiation with Germany: the treaty was to be imposed upon her in the form of a final ultimatum.

On May 7 the German delegates realized this. They were brought before their victors in the Trianon Palace like prisoners in the dock. Clemenceau made a short, terrible speech, fixing the sole guilt of the war upon Germany. Brockdorff-Rantzau replied with dignity: ". . . The hundreds of thousands of noncombatants who have perished since November 11 by reason of the blockade were killed with cold deliberation after our adversaries had conquered and victory had been assured to them. Think of this when you speak of guilt and punish-

ment." His speech was taken as an impertinence. The white-bound book containing the four-hundred-odd clauses of the Treaty of Versailles was handed to him, and the Germans filed out of the hall.

At last Germany learned the terms of the treaty. It was worse than anyone had dared to fear. It could be summed up, as Brockdorff-Rantzau said, in one phrase: "*L'Allemagne renonce à son existence.*" Germany was to lose one eighth of her land in Europe and one tenth of her European subjects; not only was Alsace-Lorraine to go to



France, but France was to have the Saar coalfield "in full and absolute possession, with exclusive rights of exploitation" for at least fifteen years; Poland was to have Posen and West Prussia—a corridor 260 miles long and 80 miles wide; Czechoslovakia was to have a fraction of Upper Silesia and the rest was to go to Poland; Eupen-Malmédy was to decide by vote whether it would be German or Belgian; Dantzig and Memel-land were not even allowed a plebiscite—they were to be under an Allied Commission. Germany was to be economically ruined: she was an industrial nation depending for subsistence upon her mineral resources and on her foreign and colonial trade. By the treaty she was to be deprived of most of her coal and iron by the loss of Alsace-Lorraine,

the Saar and Upper Silesia; she was to lose all her colonies and concessions abroad; she was to lose her merchant fleet; she was to lose control of her own navigable rivers which were put under an International Commission; she was to be left with no means of self-defense except an army limited to 100,000 men and a navy limited to 15,000. With the few economic resources left to her she was to pay an unspecified sum to the Allies by way of Reparation; by May 1921 she was to pay £1000 million, the total to be determined later by a Reparations Committee of Allies, which was to be independent of the League of Nations. As a guarantee for the execution of these terms "the German territory situated to the west of the Rhine, together with the bridgeheads, will be occupied by Allied and Associated troops for a period of fifteen years." Finally Germany was to saddle herself forever with the sole guilt for the war: by Article 231 "The Allied and Associated Governments affirm and Germany accepts the responsibility of Germany and her allies for causing all the loss and damage to which the Allied and Associated Governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Germany and her allies."

The Germans were struck dumb by the news of the treaty. They had been promised Wilson's Points as the terms of peace. Where were Wilson's Points? Where were the Allies' promises? Frenziedly in the few weeks at their disposition the Government drew up a long note of protest and presented it at Versailles in a last hope that the Allies would relent. But Wilson had given his word — the treaty must stand now; later perhaps the League . . . the League. Lloyd George persuaded his colleagues to give way on one or two points: there should be a plebiscite in Upper Silesia; the Saar should be under the League, instead of under France, until 1935, when there should be a plebiscite in the Saar. The amendments were written into the margin of the treaty-book in red ink and the book was handed back to Brockdorff-Rantzau. In five days' time Germany must give her consent.

There was one loophole. Brockdorff-Rantzau rushed to Weimar and implored his Government to play for time. "If we can hold out for two or three months, our enemies will be at loggerheads over the division of the spoils and we shall get better terms." For a moment the German Ministers wavered; but Matthias Erzberger had seen Foch's ex-

pression in that train at Compiègne when the Armistice was signed and he knew the extent of French ruthlessness; he persuaded the others to sign. Germany signed, on June 28, the fifth anniversary of the Sarajevo murder which had been the signal for war and in that Hall of Mirrors at Versailles where Bismarck had laid the foundations of the German Empire in 1871.

The best that can be said for the Treaty of Versailles is that it was the treaty that the masses in England and France wanted. The readers of the Northcliffe Press (*The Times*, the *Daily Mail* and the rest) wanted a vindictive peace and helped to win the election of a vindictive House of Commons. The French public wanted a vindictive peace and even blamed the octogenarian Clemenceau for being too lenient. They got the peace they deserved. It must also be said that the treaties with Austria and with Hungary were no better than the Treaty of Versailles.

*The Treaty with Austria.* The treaty with Austria presented every kind of difficulty. In drafting it the Conference proceeded at first upon the Wilsonian principle of self-determination for subject peoples: "The peoples of Austria-Hungary . . . to be accorded the freest opportunity for autonomous development." That meant that the peoples who had declared their independence of Vienna at the time of the Armistice were to be recognized as independent nations — the Republic of Hungary, the Republic of Czechoslovakia, the Kingdom of the Serbs, Croats and Slovenes. It most emphatically did not mean that those new nations were to include territories the inhabitants of which were Austrian by race. But Wilson himself began the dismemberment of Austria when he promised Italy the Tyrol south of the Brenner. There were a quarter of a million German-speaking Austrians in South Tyrol. Further dismemberment followed naturally enough. Austrian Galicia went to Poland, the industrial district of Teschen went partly to Poland, partly to Czechoslovakia — altogether Czechoslovakia was given 3,000,000 German-speaking Austrians; rather more reasonably, Rumania and Yugoslavia were awarded sections of once-Austrian territory. All that was left to the Republic of Austria was Vienna and a territory on the Danube equal in all to one quarter of the area and population of the Austrian half of the old Dual Monarchy. The only hope of an economic future for such a stump was union with the



German Republic. By the principle of self-determination which had been the moral justification for the decimation of Austria-Hungary, the Germans of Austria should have been allowed to join the Germans of Germany; but this hope was quashed by the Allies in a clause of the treaty which for its felicity of phrasing deserves to be quoted: Austria "will abstain from any act which might directly or indirectly or by any means whatever compromise her independence." Austria signed the Treaty of Saint-Germain-en-Laye on September 11, 1919.

*The Treaty with Hungary.* By the time the treaty with Hungary was signed (at the Grand Trianon Palace on June 4, 1920) the peacemakers had abandoned all considerations of principle. Prewar Hungary had been only 54 per cent Magyar in population: the peacemakers set out to make it a purely Magyar State, but they did so by putting no less than a third (3,300,000) of the Magyars under foreign rule. Hungary was partitioned and a share of its land given to every neighboring State. Magyars along the northern frontier were handed over to Czechoslovakia, on the eastern frontier to Rumania. To Rumania also went Transylvania with its Magyar *enclaves*, and to Yugoslavia went Fiume (Hungary's one outlet to the sea), Croatia-Slavonia and part of the Banat of Temesvar, lands including the Magyar population of the Tisa Valley. Thus Hungary was reduced from 125,000 square miles to 35,000, from 21 million inhabitants to 8 million. She became a small landlocked republic, deprived of her industrial resources—including four fifths of her iron ore—and confined to agriculture and the export of cereals and sugar for her future livelihood. The Allies showed no intention of allowing the Hungarians control of their own affairs in the future, for in a note of February 2, 1920, they announced that "they cannot admit that the restoration of the Habsburg Dynasty can be considered merely as a matter interesting the Hungarian nation, and hereby declare that such a restoration would be at variance with the whole basis of the Peace Settlement, and would be neither recognized nor tolerated by them."

In effect, the treaties were a compromise between the principles of Wilson and those of Clemenceau. The economic and political clauses represent a victory for Clemenceau; the old Tiger could die happy in the thought that Germany was saddled with Reparations, and Austria

and Hungary deprived of industrial resources and debarred from union with each other or with Germany. But the territorial clauses represent, on the whole, a victory for Wilson, and these were the only clauses in the whole treaty which were still practically intact in 1938. Before the Paris Conference met seven subject races in Europe had risen against their oppressors. The treaties recognized the independence of all seven of them: Finland, Estonia, Latvia, Lithuania, Poland, Czechoslovakia and the Kingdom of the Southern Slavs found a place on the new map. If certain groups of Germans and Magyars found themselves included as citizens of the new States, they were fractional compared with the national minorities of the prewar Hohenzollern, Habsburg and Romanov Empires. And the most blessed of peacemakers could not so draw the map of Europe that there should be no national minorities at all.

*The League, a Pious Hope.* The terms of the treaties make sordid reading. It is probable that the delegates of the non-European Powers at the Conference never read them. The Versailles Treaty was drawn up by Lloyd George and Clemenceau; it was not presented to the Plenary Conference until one day before it was presented to the Germans. Wilson himself signed the German treaty blindly and left Paris before the treaties with Austria and Hungary were completed. He knew that he was abandoning his Points, his principles, his particulars—only four of the twenty-three stipulations were embodied in the settlement—but he considered that the main thing had been won: the League of Nations had been established; that alone made the war seem worth fighting and the peace worth signing. The Covenant of the League of Nations had been written down as the first twenty-six articles of each treaty. Viewed in the light of that Covenant, the disarmament and dismemberment of the Central Powers became not a perpetuation of the war spirit but a preliminary to a lasting peace. Germany's disarmament would be followed by a general disarmament: "The members of the League recognize," by Article 8 of the Covenant, "that the maintenance of peace requires the reduction of national armaments to the lowest point consistent with national safety and the enforcement by common action of international obligations." The treaties themselves would be modified as soon as "it became apparent that their

terms did not make for peace." "The Assembly may from time to time advise," under Article 19, "the reconsideration by Members of the League of treaties which have become inapplicable and the consideration of international conditions whose continuance might endanger the peace of the world."

Two distinct settlements were outlined in the treaties drawn up by the Paris Conference: an immediate settlement to be achieved by the punishment of the Central Powers and an ultimate settlement to be achieved by international co-operation on the lines laid down by the Covenant of the League. Just how long it would take for the immediate settlement to give way to the ultimate would depend upon public opinion. President Wilson fondly believed that public opinion in the Western democracies at least was ready to forget the past and to co-operate for the good of mankind. No man ever made a bigger mistake. In November the American Congress refused to ratify the Versailles Treaty. The one nation that was in a position to make the League an immediate reality refused to sign the Covenant. Europe was thrown back on the Versailles spirit and the punishment of the Central Powers in an attempt to achieve security. And the rest of the world was left to work out its salvation on the lines it had been following before the interruption of the World War.

## II · PUNISHING THE CONQUERED

1918-1923

THE transition to peace was slow and fearful. In each of the defeated nations the four years of imperialist war were followed by some four years of revolution, or national and class war. The Russian Empire was the first to collapse; the working-class revolution was successful and Communist Commissars took the place of the Tsar in 1917, and from 1918 to 1920 the new structure of Russian society was hammered out on the anvil of civil war. The Ottoman Empire collapsed and the Turkish revolutionaries had to withstand an Allied offensive; it was 1923 before the Allies made peace with the Nationalist Republic of Turkey. The German Empire and the Austro-Hungarian Empire collapsed in the weeks before the Armistice; for a time it seemed as if a working-class revolution would establish Communism, or at least Socialism, in Berlin, Vienna and Budapest, but Allied pressure in those cities was so strong that only a régime acceptable by the Allies could survive. It remained to be seen whether a foundation for the future peace and prosperity of Europe could be made out of the new Hungary, the new Austria, the new Germany which the Allies had helped to create.

*Revolutions in Hungary.* No nation in modern times had gone through such agony as Hungary experienced between 1918 and 1922. Defeat by the Allies, though it was crushing and humiliating, was infinitely less bitter than defeat by the subject races, by the Czechs of Bohemia, by the Serbs, the Croats and the Slovenes whom the Magyars of Hungary and the Germans of Austria had ruled for so long under the flag of the Dual Monarchy. The Hungarians decided to throw themselves on the mercy of the Allies. They drove away the Habsburg King Karl, they murdered the Prime Minister, Count Tisza, they repudiated everyone who had been associated with the policy of war. As Count Tisza's successor they chose Michael Karolyi, a pacifist. There was nothing attractive about the harelippped Karolyi, but as a pacifist he

personified the attitude of the country in those days. The Hungarians were staking everything upon making a complete submission to the Allies; they disarmed and waited for the Allies' judgment.

It was a long time in coming. December passed, and January, and still there was no news from Paris. Into a starving, freezing Budapest refugees crowded — no less than seven hundred thousand of them — bringing terrible stories of Transylvanian villages burned by Rumanians who were storming through the mountain passes, of the Banat pillaged by Serbs, of cities in the north looted, Pressburg and Kassa ravaged by Czechs. Huddled in the fuelless capital, the Hungarians waited throughout the long winter to hear the terms of peace, waited for the reward of their capitulation. On March 20 the tension was broken; the treaty was not yet drawn up but the new frontiers had been settled. Over three million Magyars were to be lost to Hungary and to be thrown on the mercy of those very Rumanians, Serbs and Czechs who were at that moment ransacking and ravaging their country.

Pacifism had not availed. Perhaps the opposite course might save Hungary. Karolyi played his last card; he resigned, and before he resigned he let out of prison a young Jew called Bela Kun (or Kohn) who had been arrested as a Communist leader. There were comparatively few Communists in Hungary, but Kun stood for resistance, Kun stood for revival, Kun stood for the resurrection of Hungary. With the coming of the warm spring weather Hungary threw off her despair and fell into line behind the red flag. At the end of March Bela Kun declared Hungary to be a Soviet Republic. His weapons were those unpleasant concomitants of every minority government — revolutionary tribunals, political executions, a strict censorship and a military police. But his achievements in the direction of a national awakening and the revitalization of classes which had been persecuted for generations must be the admiration of historians of every shade of political opinion. He nationalized the land; he devised a system of education to teach people to read and write. The State made itself responsible for the health of the proletariat, providing insurance against sickness and accident, setting up free baths and hospitals and giving a guarantee of maintenance to willing workers who failed to find employment. In June the Soviet Constitution of Hungary was published. The units of local government were to be the Soviets of town quarters and of the villages;

the Soviets sent delegates to the City and County Soviets, who in turn sent delegates to the Central Congress. Full liberty was allowed to racial minorities and no religious organization was interfered with so long as it confined itself to religion. Hungary's Soviet Constitution was a perfect embodiment of Bolshevik theory; how nearly perfect it would have been found in practice no one can say, for a month after its prosecution Bela Kun was driven into exile.

It was not to be expected that the Allied Powers would look with favor on the Communist experiment in Hungary. At the end of July they loosed the Rumanian Army on Budapest and for three and a half months kept it there, murdering and destroying and piling up the transportable wealth of the city in trains bound for Bucharest. When at last the Rumanians, acting on orders from Paris, left the city, Hungary had learned her lesson.

From now on reaction was the order of the day. An Admiral Horthy who had commanded the Austrian fleet during the war rode into the capital and proclaimed himself Regent for the absent King. The crippling Treaty of Trianon was signed in June 1920 and the humiliated Magyars, having nowhere else to vent their rage, vented it on the Jews. Bela Kun, the arch-Communist, was a Jew, therefore all Jews were Communists. Once again there was a Reign of Terror; there had been an Allied Terror, a Red Terror, a Rumanian Terror, now there was a White Terror, and this last, in which so many of the Jews of Hungary perished, was the most cold-blooded and merciless of all.

At last, purged by fire, Hungary was admitted by the Allies to the League of Nations. Horthy was not the man the Allies would have chosen, but he was a bulwark against Communism and his Monarchist ambitions were easy enough to check. Twice in 1921 King Karl returned to Budapest, and twice the Czechs and Yugoslavs mobilized on the frontiers and he was forced to flee the country. He died in exile in 1922, leaving a ten-year-old boy, Otto, as his heir. Horthy and the Prime Minister, Bethlen, re-established the feudal régime of prewar Hungary, abolishing universal suffrage and secret ballot and restoring the great estates so that 40 per cent of the land was held in estates of over 1400 acres and 75 per cent of the peasants were landless. To this régime the League of Nations granted a loan and assistance in the work of financial reconstruction.

*The Plight of Austria.* The Allies' intentions with regard to Hungary were clear enough: she was to be a small agricultural country, powerless and poor, providing the new States which surrounded her with cereals in return for a proportion of their surplus manufactured goods. With regard to Austria the Allies' intentions were less clear. Austria too was to be a small country, powerless and poor. But she could not be expected to feed the two and a half million inhabitants of Vienna from the mountain and forest lands which were left to her, and Vienna could not manufacture goods to sell in exchange for food, because her neighbors would not allow the necessary raw materials to go into Vienna or the finished articles to go out. There was nothing for Vienna but starvation. In the winter of 1919-1920 Vienna starved.

The Allies were deeply touched. The American relief administration set up a soup-kitchen in the old Habsburg palace; the British Parliament voted a large sum for Austrian relief. They were touched by the plight of the city which had so lately been the most civilized in Europe, but they did not modify the treaty which was starving her. Austrians realized that there was no future for them in the decimated republic. Yet they were barred from joining their cousins in the German Republic. Three of the nine Austrian provinces tried to evade the ban: in 1921 Tyrol, Salzburg and Styria voted for union with Germany, only to be snubbed by the Allies. There remained the possibility of Italian protection. It was not attractive, there was a deep racial and historical antagonism between Austrians and Italians, but it seemed the only solution. Dr. Seipel, the Catholic priest who was now Austria's Foreign Minister, proposed a currency and customs union with Italy which would make Austria an Italian protectorate. But neither France nor Yugoslavia nor Czechoslovakia were anxious to see Italy extending her frontiers into Central Europe.

By way of emphasizing her isolation the name of the new republic was changed by Allied decree from German-Austria to Austria. The Austrians must learn what defeat meant. "Even by reducing rations to the bare minimum necessary for existence, and assuming that the farmers would give up for rations every ounce of surplus, Austria could only hope to feed herself for a few months in the year. Meanwhile out of some of the poorest resources in Europe, there was quite the most expensive machinery to keep up. A bureaucracy disproportionately large

for the needs of twenty-five million people now administered the affairs of six millions, of whom they themselves formed no mean proportion. Big railway termini with great staffs of clerks opened on to stumps of lines thirty or forty miles long. . . . Much of the middle-class population of Vienna was in a very similar position: a head without a body. There were doctors enough to cure, professors enough to make wise half Central Europe, while inexorable Governments barricaded off from them the people who, God knows, needed both healing and wisdom sorely enough.”<sup>1</sup>

In October 1922 the Allies relented a little. In return for an additional guarantee that Austria would do nothing to surrender or impair her sovereign independence they granted her an initial loan of 27 million pounds and sent a Commissioner-General, the Dutch Dr. Zimmerman, to supervise the State revenues out of which the loan was eventually to be repaid. By this method of artificial respiration the Austrian body politic was to be kept alive for the next few years.

*The German Revolution.* The transition of Germany to peace was infinitely more important. On the future of Germany, which before the war had been the most powerful, the most progressive, the most highly organized nation on the continent of Europe, the future of the world largely depended.

The war was brought to an end by the soldiers, sailors and workers of Germany who, in the fortnight before the Armistice, overthrew their ruling caste of monarchists and officers. The revolution began on October 30 with a mutiny of the sailors of the Wilhelmshaven fleet. Quickly the revolt spread to Kiel, Hamburg and Bremen and to the Baltic coast; in each port the red flag was flown and soldiers, sailors and workers took power into the hands of their own *Räte* (which we should translate as Councils or Soviets). The revolt against war was echoed at the other end of Germany, where Kurt Eisner emerged as the leader of a Socialist Republic of Bavaria on November 9. That same day the revolution broke out in Berlin. Prince Max of Baden, the Liberal Chancellor, persuaded the Kaiser to abdicate and himself resigned in favor of Ebert, the head of the Socialist Party. The revolution in Berlin was almost bloodless; only fifteen men were killed during the whole

<sup>1</sup> C. A. Macartney, *The Social Revolution in Austria*.



day and at the price of those fifteen lives fell the dynasty which had ruled Prussia for five centuries and which had gradually welded Germany into a united nation. Its fall was followed by the fall of the twenty subordinate monarchies of the German States. Germany was now a Republic under Ebert, the ex-saddler of Heidelberg.

But what was a Republican Germany to mean? The Socialists were divided on that point. The Right, or moderate, Wing of the Social-Democratic Party, to which Ebert belonged, wanted a parliamentary democracy based on the votes of the whole community. The Independent Social-Democratic Party wanted a Soviet republic based on the direct rule of the working class. The extremists led by Karl Liebknecht, whose *nom de plume* of Spartacus became the party-name of his followers, wanted a Soviet Republic too, but he and his Spartacists wanted to realize it at once; they wanted to seize power violently, to dispossess the capitalists and to establish a working-class dictatorship.

So the fall of the monarchy and the end of the imperialist war was followed by a civil war between the Majority Socialists and the Communists (the minority group soon ceased to count). It was a battle between the short view and the long view. Ebert and his followers were thinking of the immediate future; they wanted to hold a general election for a National Assembly which would draw up a new Constitution and receive the Allies' terms in the name of the majority of the German people. They thought that a democratic Germany would receive lenient treatment at the hands of the democratic Allies. Liebknecht and the Communists were thinking of the more distant future. The war, in their view, had been caused by competition between capitalist nations; private capitalists were irresponsible, they were working primarily for profit and to increase their profit had to find markets abroad—their competition for colonies and markets had caused the war of 1914 and it would cause another war in the future if private individuals were left in control of the resources of capital. Therefore the private capitalist must be overthrown in Germany. In the chaos and bewilderment of 1918 the German people could not be expected to see that, and so there must be no immediate appeal to the German people, no general election. The Communists must seize power.

They made their first attempt on January 6, 1919. Spartacus captured the newspaper offices and a few public buildings in Berlin. But the

Social Democrats were able to turn out a remnant of the Imperial Army against them. They were forced to abandon their positions and the rising was followed by a fortnight of terror in Berlin. Karl Liebknecht and Rosa Luxemburg, the heroic woman who was the greatest personal force behind German Communism, were captured and brutally murdered by police on their way to prison. (The official report of their death was "shot while trying to escape.")

At the end of January the elections for the National Assembly were duly held. Germany voted for the Moderate Socialists and the bourgeois parties of Liberal Democrats and Catholics (or Center Party). It was a moderate and democratic assembly which met at Weimar in February to draft the Constitution of the new Germany.

*The Weimar Constitution.* The difficulties of the Weimar Assembly were appalling. Communism had been outlawed but by no means crushed; the industrial workers had no intention of accepting a parliamentary republic as Utopia, they had not given up the idea of Soviets. In March there were strikes followed by street fighting in Berlin, strikes in Bremen, a revolt in Halle with the object of marching on Weimar, a revolt in Brunswick. In Munich, where Kurt Eisner, the most humane, talented and popular of Minority Social Democrats, had been assassinated in February, a more serious revolt took place and a Soviet Republic of Bavaria was proclaimed. In April there were strikes in Essen and the Ruhr—the greatest industrial areas left to Germany. The Government, or rather Noske, who proved himself an organizer of unequalled ruthlessness and efficiency, broke the strikes by refusing to admit supplies until work was resumed, suppressed the revolts and wiped out the Bavarian Soviet with his famous Flying Column. The Republican Government restored order, at the price of the lives of hundreds of workers.

There was starvation as well as anarchy in Germany in those days. The population were living on bread and potatoes—five pounds a week was the adult ration. There was a dearth of every kind of fat, a dearth prolonged by the Allies' blockade. When the Poles occupied Posen the sugar supply failed. Seven hundred thousand deaths in the year following the Armistice were put down (by a Copenhagen Commission which had no cause to exaggerate) to undernourishment. The

death rate for children between four and fourteen was doubled in the year 1918.

To crown all these difficulties came the news of the Allies' terms in May. The Government signed, knowing that Brockdorff-Rantzau was right when he said, "Those who sign this treaty will sign the death sentence of many millions of German men, women and children."

It is a wonder that any Constitution at all could have emerged from the chaos of these months. One might have expected that nothing but a dictatorship would have been thought fit to weather the storms to come. Yet the Weimar Assembly showed in this crisis a respect for democratic principles such as traditional democratic countries like France, Great Britain and the United States might have envied. The Constitution which they completed in July abolished the militarist autocracy which Bismarck and Wilhelm II had set up. Germany became a parliamentary democracy with a *Reichstag* elected by the votes of the whole adult population, male and female, with a Chancellor and Cabinet dependent on the support of a majority in the *Reichstag*, with an elected President who was to be little more than a figurehead in normal times though in times of national danger he was empowered to declare a state of emergency and to govern by decree. The *Reichstag* was not the only House of Parliament; there was to be a *Reichsrat* which, like the American Senate, was to represent the various States and which, like the British House of Lords, would act as a brake on precipitate legislation by the other house.

The Weimar Constitution was the most democratic that the world had seen. To give the vote of every individual its full weight the principle of proportional representation was introduced by which a member was returned to the *Reichstag* for every 60,000 votes recorded, instead of a member for every constituency irrespective of the extent of his majority as in England and America. To give economic interests an opportunity for adequate expression, a National Economic Council was set up representing employers and employees of the great economic groups and corporations, with the function of advising Parliament on economic and social legislation. The Constitution affirmed the political equality of men and women and the completest liberty of worship, of speech, of Press and of association.

The Weimar Constitution became law in August 1919. It was

anathema to every section of extremists in Germany. The Communists would have overthrown the Republic, but their driving force was gone now Liebknecht was dead. The monarchists actually did succeed in driving Ebert's Government from Berlin. On March 12, 1920, the Commander-in-Chief of Berlin, General Baron von Lüttwitz, occupied the city with 8000 troops and proclaimed a certain Wolfgang von Kapp to be President of the Republic. Ebert had virtually no troops at his disposal; the Kapp *Putsch* must have succeeded if the workers of Berlin had not taken the law into their own hands. Without waiting for orders from their union leaders, they went on strike. The life of Berlin came suddenly to a standstill. There was no water, no light, no trams, no trains. Kapp and his followers were stranded; he fled to Sweden and the *Putsch* was over. The workers had saved the Weimar Republic and its liberal Constitution.

How this great experiment would have worked if the Versailles Treaty had indeed made the world safe for democracy no one can say. In fact the treaty meant the continuation of war in the form of economic persecution. Only the marvelous stamina of the German people could have succeeded in working that Constitution for a decade and more in spite of Versailles.

*The Plebiscites.* The treaty was applied with the utmost rigor. Germany was cheated of Eupen-Malmédy by a faked plebiscite: instead of a free vote by secret ballot the inhabitants were told that they were entitled to sign a public protest affirming their wish to count as Germans. Every pressure was brought to bear on them: "Whoever registers his name in those lists proclaims himself to be a mischievous and undesirable person," announced the Brussels *Soir*. Only 271 out of a population of 60,000 signed. Eupen-Malmédy was awarded to Belgium.

Germany was also cheated out of Memel-land. An Allied Commission had been put in charge of the district, but when a Lithuanian force overran it the Allies calmly recognized the *fait accompli* and conferred the sovereignty of Memel-land upon Lithuania. But Eupen-Malmédy and Memel-land were trifles; the important point was what interpretation the Allies intended to put upon the Silesian plebiscite and upon their claim to Reparations.

The Upper Silesian plebiscite was held in March 1921, largely under

the auspices of Frenchmen. The returns showed that 40 per cent of the voters wanted to be under Poland, 60 per cent under Germany. In the partition based on these votes Poland was given a third of the land. This would have been fair enough if the Polish land had not included at least five sixths of the industrial area. There was nothing to be said for the partition except that it deprived Germany of her next-to-last great mining district. The inhabitants suffered more than inconvenience. "As everywhere else the [Silesian] annexations threw the entire life of a large region altogether out of gear. The new frontier dissected nine railways, creating many dead-ends and large stretches of disused line, which had to be scrapped, and depriving many districts of this means of communication. It split up a time-honored system of roads, a large proportion of which have since been converted into blind alleys, now deserted and overgrown by grass and weeds. Farms have been divided wholesale, the buildings being left in one country and the land in another. . . . The old reciprocal dealings between adjacent communities on the frontier have been made difficult, all exchange of farm products and commodities generally is subject to harassing restrictions; trades and handicrafts by the dozen have been destroyed and scores of prosperous business undertakings have been ruined, while the purchasing-power of the peasantry in general is said to have been decreased by a third."<sup>1</sup>

*Reparations.* The German Government had said that they could hope to pay Reparations only if they were left with the Silesian coal-field. The French were not so sure. True, they had taken Lorraine and the Saar away from Germany; but the Germans still held the Ruhr, and since 1918 German industrialists had built up huge industrial concerns combining the resources of the Ruhr and Westphalia. Hugo Stinnes, who had served his apprenticeship as a pit-boy and a stoker, had built up a great "vertical trust" combining every process of industry from coal and steel to the finished products; he was employing 250,000 men and was a serious rival to the French ironmasters of the *Comité des Forges*. Walther Rathenau — personally a complete contrast to Stinnes, for he was a man of the widest culture and deepest philosophical insight

<sup>1</sup> W. H. Dawson in *Germany Under the Treaty*.

—had inherited the leadership of a huge combine, the *Allgemeine Electricitäts Gesellschaft*, which was the greatest electrical concern in the world. France was frightened of a German industrial revival which might make German re-armament possible and was determined to use the weapon she possessed in her claim to Reparations.

It must be admitted that France had cause for uneasiness. Her original demand at the Paris Conference had been an "independent" Rhineland State that should include the Ruhr and be under French control. She had only abandoned this claim in exchange for the promise of an American and British guarantee to defend the Rhine frontier in case of German aggression. But the United States Congress had refused to ratify this promise and Great Britain had held that without the United States she could not join in the guarantee. So France fell back on her claim to Reparations and determined to demand so huge a sum that Germany would be bound to default and so provide France with a "moral" claim to interfere in the Ruhr.

At Versailles the total amount to be paid by Germany was not fixed. Later Conferences at San Remo and Spa also failed to determine the sum, though it was decided that France's share should be 52 per cent of the total. Not until May 1921, in London, was the amount fixed — at £6,600,000,000. It was an impossible figure; even in 1918 when Anti-German feeling was running highest the British Treasury had agreed that £2,000,000,000 was the utmost that Germany could pay. The German leaders were in a quandary. Stinnes was for refusing outright and for letting the Allies do their worst, Rathenau was for accepting — he was statesman enough to see that only by making an honest attempt to fulfill the obligations imposed upon her could Germany hope to break down the Allies' animosity and to be re-adopted into the comity of nations. Luckily for the peace of Europe, Rathenau's view prevailed. Germany signed the agreement, and punctually on August 31, 1921, paid an installment of Reparations.

The time seemed ripe for men of business to devise a plan by which Germany could continue to pay without further crippling her own industries — the goose that laid the golden eggs. In October, Rathenau and the French Minister of Reconstruction, Loucheur, came to an understanding by which the devastated areas of France and Belgium were to be restored by German labor and materials at the expense of the

German Government. It was a reasonable plan, but the French Cabinet turned it down; they had promised the restoration business to French contractors. The reactionary and implacable Poincaré became Prime Minister of France and threatened to force an immediate payment of Reparations.

At this point it became obvious that a financial collapse was imminent in Germany. The strain of the war, the loss of so many assets under the Versailles Treaty, the drain of wealth to meet the Reparations account, the general uncertainty which encouraged Germans to send their spare money out of the country, had led to a drop in the value of the mark. At first this fall had helped industrialists and financiers who gambled on the foreign exchange, but now it was getting out of hand. The German Government asked for three years' moratorium, three years' grace while they put their house in order. Lloyd George was inclined to grant it — England's interests lay in keeping the avenues of German trade open — but Poincaré was inflexible; he regarded, or pretended to regard, the fall of the mark as a German conspiracy to wriggle out of Reparations.

*The Invasion of the Ruhr.* Making the excuse that Germany was late with deliveries of coal and iron, Poincaré ordered a French Army to take possession of the Ruhr on January 11, 1923. The Ruhr was declared in a state of siege and all German officials were replaced by Frenchmen and Belgians. Poincaré was determined to create the will-to-pay by force. What he created was precisely the opposite — the will-to-resist. The German Government abandoned Rathenau's policy of fulfillment (that man of vision had been assassinated in 1922) and encouraged the Ruhr miners to refuse to yield a single ton to France. One million men were idle in the Ruhr, living on scraps of strike pay from Berlin.

The French tightened the screw; they imprisoned all the directors they could lay hands on, shot seventy-six Germans in street brawls, encouraged their Zouave and Senegalese troops in breaches of discipline at the expense of the inhabitants, instigated and financed a separatist movement all over the Rhineland.

Meanwhile the confusion in Germany was indescribable. As R. T. Clark wrote: "The resistance of the working and the middle classes in the Ruhr, a resistance of hungry, abandoned men with starving

children at their knees, is the finest page in the history of the Republic." The Ruhr invasion completed the collapse of the currency; in March 1922 a dollar was worth 670 marks and in August 4500 marks, but by August 1923 it had reached an astronomic figure. A few Germans made a good profit (farmers, for instance, were able to pay off mortgages with worthless marks) but the vast majority were ruined. Pensioners, *rentiers* and investors, everybody living on savings or insurance money, found their income valueless and themselves in penury; salaried workers found their salaries reduced to next to nothing; laborers on weekly wages had to rush to spend every pfennig the instant they got their pay envelopes, because next morning prices might be twice as high.

In the late summer crisis came. The British Foreign Minister, Lord Curzon, attacked the selfishness of French action in a strongly worded dispatch. The French public began to withdraw their support from Poincaré; his policy was losing them good money, as well as the good will of England in particular and of the world in general. The Allies were coming to see that the policy of forcing Germany to pay had failed. At the same moment Germany was coming to realize that their policy of resistance had failed: it had added starvation in the Ruhr, and inflation and ruin all over the Reich, to the existing miseries of the German people.

In this mood the Powers of Western Europe were ready to turn over a new leaf.



### III · REVIVAL IN THE CENTRAL POWERS

1924-1929

A NEW chapter in European history began in 1924. From 1918 to 1923 the Allies had pursued a vindictive policy against the Central Powers. It had availed them nothing. In 1924 they began at last to co-operate with Germany in the reconstruction of Europe.

*Stresemann's Policy of Fulfillment.* Two things made co-operation possible. The first was the accession to power in Germany, in August 1923, of Gustav Stresemann. In appearance this son of a Berlin beer-house proprietor, with his bull neck, *pince-nez* and flabby body, was the typical Prussian of caricature. In reality he was a subtle negotiator with a genius for compromise. One thing Stresemann saw more clearly than anyone in Germany: the Allies must be propitiated by a policy of fulfillment, by sacrifices on Germany's part which would reassure them that Germans would play their part in making Versailles work — if the Allies could devise a means of making it workable. Behind this policy lay Stresemann's unexpressed conviction that any sustained attempt to fulfill Versailles would in practice lead to a revision of its most onerous terms.

Stresemann called an end to passive resistance and sent the Ruhr workers back to their mines and factories. Then his Finance Minister and Dr. Hjalmar Horace Greeley Schacht, the head of the Reichsbank, set about the stabilization of the currency: they issued a new mark, the Rentenmark, secured on the land and the houses of Germany; and gradually the German people showed their confidence in the new currency. It meant the loss of all the money they possessed, for a billion of the old marks was worth only one Rentenmark. (There were no savings left now to divide the middle class from the proletariat — the inflation and the Rentenmark wiped out the *rentier* class more surely than any Communist revolution.)

Anything was better than the uncertainty and persecution of the

years 1919-1923. At the price of repudiating Germany's debt to Germans, Stresemann convinced the Allies that the Government was ready to honor her debt to foreigners.

He had more difficulty in rallying extremists to his policy of fulfillment. "Patriots" in the past years had had a short way with upholders of that policy. Scheidemann, who advised signing the Treaty, had been shot at; Erzberger, who signed the Armistice, and Rathenau, who made the agreement with Loucheur, had been murdered (it is significant that both were Jews). In November 1923 there was an armed *Putsch* against the Stresemann régime. A café politician in Munich, Adolf Hitler by name, gathered a few adventurers about him for a projected march on Berlin; they included Captain Roehm, an elegant soldier of fortune, and the aged and half-demented Marshal von Ludendorff. The "march on Berlin" got no farther than the outskirts of Munich, where it was met by a volley of police bullets. Ludendorff was arrested, Hitler was captured after a chase, a dozen others were killed in the skirmish. The ignominious failure of the *Putsch* discredited the extremist opposition to Stresemann. The opposition of more respectable elements was overcome a couple of months later when the seventy-five-year-old Marshal von Hindenburg was elected President of the Republic. Hindenburg was more than a hero: he was a national legend, a symbol of German indefatigability. Under his Presidency, the Government could carry on a policy of fulfillment without fear of being accused of lack of patriotism.

*The Dawes Plan.* The first fruit of this policy was a plan to put Reparations on a rational basis. Americans had long ago realized that the policy of "making Germany pay" was ruinous to Germany's creditors as well as to Germans. The expense of the Ruhr invasion and the collapse of the German currency convinced the Allied Powers of this. In 1924 a new committee was appointed to decide how reparations were to be paid. Significantly it was a committee not of politicians but of businessmen; its chairman was Charles G. Dawes, a Chicago banker. The Dawes Committee made the obvious point that Germany could pay only if her industries were flourishing. She must pay therefore a percentage of her national income every year, in goods and in gold; and to enable her to reconstruct her industries and increase her

national income the Allied peoples must lend her capital. In the protocol that was accepted by Berlin on April 14, 1924, it was agreed that Germany should pay 1,000,000,000 gold marks in the first year and increased instalments in future years, rising to the standard annuity of 2,500,000,000 gold marks in 1929 and in subsequent years; the sources for these payments were to be railway bonds, industrial debentures and revenue from German indirect taxes; and a new start was to be given to industry by an immediate foreign loan of 800,000,000 gold marks.

*The Locarno Pact.* Germany had not yet given her willing consent to the Versailles terms, nor was she a member of the League of Nations: while that was the case, there could be no hope of lasting peace in Europe. The opportunity for a new agreement came in 1925. Poincaré had been defeated at the French elections in the previous year, and Herriot and Briand — a man of peace if ever there was one — were in power in France. Stresemann, perhaps on the advice of the British Ambassador, Lord d'Abernon, proposed a conference, and German and Allied diplomats met in friendly discussions which culminated in a meeting at Locarno in October.

The most important of the Locarno agreements was a Security Pact for Western Europe. The signatories (Stresemann for Germany, Austen Chamberlain for Britain, Briand for France and Mussolini for Italy) undertook to maintain the western frontier of Germany and the demilitarized Rhineland zone as laid down by the Versailles Treaty, and promised never to resort to war along that frontier except in self-defense or in support of League action.

This pact was supplemented by a number of minor agreements. Germany signed arbitration treaties with her Czech, Polish and Belgian neighbors; France made defensive alliances with Czechoslovakia and Poland.

The Locarno Pact involved two great steps toward European peace. The first was that Germany had at last, of her own free will, signed a freely negotiated treaty. The second was that she was invited by the once Allied powers to become a member of the League of Nations, and that she accepted that invitation without coercion or reserves. After this there could be no cause for German agitation against a "dictated

peace" or for Allied insistence upon "war guilt." It is true that intrigues at Geneva, where Spain took the opportunity to claim a place on the Council as a Great Power, prevented Germany from taking her seat immediately, but in September 1926 Germany's membership of the League and her seat on the Council were ratified. In a sense it would be truer to say that the war ended at Locarno in 1925 rather than at Versailles in 1919. At last Europe had entered upon its heritage of peace.

*Recovery in Germany.* Meanwhile the Dawes Plan had been the beginning of a great economic revival in Germany. The German industrialists saw a gleam of hope at last, and set themselves to rebuild Germany with a spirit that has never been seen before, except perhaps by France in 1871-1872, and only once since — by the Russians under the Five-Year Plans. Germany still had some coal left, and she had the greatest steel, chemical, and electrical works in the world. Now she had capital as well; in 1924 she borrowed 45 million pounds, mostly from America, partly from England. By 1926 her industrial output was only 5 per cent below that of prewar years. The Locarno spirit made industrial relations with France easier; in 1926 French and German magnates made an agreement to exploit steel to their mutual advantage, and in 1927 they made a similar agreement with regard to potash. American magnates took a hand in financing and reorganizing German industry. Rationalization was the order of the day; it was not so much a question of carrying on old industries as of rebuilding them on new lines and with new machinery. Germany made up for her lost coal by generating electric power from lignite. She made up for her lost merchant fleet by building new ships with American money; soon her liners, the *Bremen* and the *Europa*, beat the British in competition for the luxury passenger-traffic across the Atlantic.

All foreign loans to Germany did not go into these productive channels. America was overflowing with spare capital at this time, and bankers had no difficulty in finding clients willing to lend money abroad. The bankers got a commission on every loan they raised; consequently they pestered German municipal and local authorities to borrow money. The Germans naturally did not need much persuading — there was so much building to be done, slum populations in need of re-housing, children rickety and ailing from the hardships of the war,

the revolution and the inflation, in need of clinics, swimming baths, recreation grounds, new schools and workshops and holiday camps. The Germans borrowed and rebuilt their cities; the Americans lent, and never stopped to think how swimming baths and schools would ever yield the profit necessary to pay interest on the loans.

The German Republic was to be seen at its best during those years 1924-1929. It was the freest republic the world had ever seen. The Weimar constitution-makers seemed actually to have believed that man develops his own soul most fully when most free from moral restrictions. They left him free to read, to publish, to speak and to teach what he would. They left the theater and the cinema free from censorship; they did what they could to raise some of the sexual taboos. To moral freedom they added political freedom: they did not destroy their political enemies, they tolerated them, even encouraged them. They carried toleration to fantastic limits. "What can be said for a republic that allows its laws to be interpreted by monarchist judges," asked an American journalist, "its Government to be administered by old-time functionaries brought up in fidelity to the old régime; that watches passively while reactionary schoolteachers and professors teach its children to despise the present freedom in favour of a glorified feudal past; that permits and encourages the revival of the militarism that was chiefly responsible for the country's present humiliation? What can be said for democrats who subsidize ex-princes who attack the régime; who make their exiled Emperor their richest man in deference to supposed property rights; who abolish titles of nobility only to incorporate them into the substance of the legal name? . . . This remarkable republic paid pensions to thousands of ex-officers and civil servants who made no bones of their desire to overthrow it. It allowed members of deposed ruling families publicly to ally themselves with anti-republican Fascists. It tolerated the presence of a whole group of semi-military organizations, Private Armies in the literal sense, Steel Helmets, Werewolf, Viking Bund, Hitler Storm Battalions, Communist Red Front . . . it put purely defensive republican organizations, the Reichsbanner and the Iron Front, legally on the same basis as the anti-republican bands. It permitted the ex-nobility to cluster thickly in the upper ranks of the anything but republican army and navy."<sup>1</sup>

<sup>1</sup> E. A. Mowrer in *Germany Puts the Clock Back*.

The strength of the Weimar Republic — its belief in freedom — was also its weakness. The Germans are the most disciplined of people, their ideals are Honor and Duty. The Weimar Republic was born in defeat, nurtured in deference to a humiliating peace; it knew no Honor. By allowing moral and political freedom it left no room for Duty, no duty was encouraged except a man's duty to himself. So moral emancipation led to decadence, and liberty to licence. Berlin, at least in its wealthy quarters, became a City of the Plain, the playground for sexual perverts from every corner of the world. German industry and finance became a free fair for profiteers and for immigrant Jews, who later became symbolic in German eyes for selfish disloyalty.

Outwardly Germany was flourishing during those years 1924-1929, when Stresemann was keeping the good will of the Allies, when Reparations were being paid, when the French evacuated the Ruhr (July 1925), when industry was climbing back to its prewar position. Inwardly Germany was rotten. With every increase in rationalization in industry more men were thrown into the ranks of the unemployed, into the ranks of the enemies of the Social-Democratic Government of the republic. Every year showed those enemies stronger, better organized. The membership of the Communist Party grew steadily. The Catholics of the Centre Party formed a rallying point for all who were disgusted with the moral laxity of Weimar-Republicanism. The Nationalists — the old conservative believers in Monarchism — preached the old beloved doctrines of Honor and Duty, and were strong in their private army, the Steel Helmets. The National Socialists preached the same doctrines and they also had what amounted to a private army in the black-shirted S.S. men who formed Hitler's personal bodyguard and in the brown-shirted S.A. men whose function was ostensibly to keep order at public meetings. The Nazi leaders were undecided about the nature of the movement: some like Göring and Frick stressed its National, conservative nature, others like Gregor and Otto Strasser stressed its Socialist, revolutionary nature. The Leader, Hitler himself, cared little enough for doctrine in those days: he was concentrating on gaining power. He was glad of Strasser's efforts because they brought in recruits from the down-and-outs and discontented revolutionary fringe, especially from among the sons of the lower middle-class and petty *rentier* class which had been ruined by the inflation. He was glad,

too, of Göring's support because connections followed with moneyed men. Many industrialists were putting funds behind the Nazi movement in those days, particularly Hugenberg, the steel magnate and newspaper owner. The Nazi movement increased steadily from a humble 7 in 1919 to 178,000 in 1929.

Yet in that latter year the democratic Weimar Republic seemed safe enough. The Chancellor, Müller, was a Social Democrat. The Allies were relenting a little on the subject of Reparations. A committee under the chairmanship of the American financier Owen D. Young produced a plan which was a compromise between the Allies' claims and those of the Germans as voiced by Dr. Schacht: Germany was to make thirty-seven annual payments of about \$521,500,000, followed by twenty-two further payments of \$391,250,000. Immediately after the approval of the Young Plan by the Hague Conference in August, the British army of occupation was withdrawn from the Rhineland, and the evacuation of French and Belgian troops followed in November. The clouds were lifting and the further outlook seemed settled. No prophets foresaw that two events which occurred that October would prove fatal to the Weimar Republic. The first was the death of Dr. Stresemann on October 3; the second was the Wall Street crash of October 24. How were Germans to know that with Stresemann had passed their only hope of a peaceful foreign policy; and with the Wall Street boom, their only means of getting cheap capital from abroad?

*Recovery in Austria and Hungary.* In Austria the same processes were at work. The nation was not an economic entity, but the Allied loans that began in October 1922 made some sort of recovery possible. The Social Democrats had established themselves in Vienna after the Armistice and remained in power. They defied the Communist wave which threatened to roll up the Danube from Budapest in 1919, and they defied the reactionary Catholic pressure which the conservative peasant provinces continuously applied. Vienna was more than a city; it contained nearly a third of the nation's inhabitants, and ranked as a province in itself. The Social-Democratic municipal Government of Vienna was also a provincial Government, and under the Constitution the Social Democrats could spend half the provincial revenue

on their own initiative — and without their consent the Constitution could not be amended. They made a marvelous thing of their government of Vienna. They gave pensions and unemployment insurance to the workers, prenatal clinics and free medical attention to the mothers, kindergartens and ample playgrounds to the children. They pulled down the old tenements — in which not one flat in twenty had any water supply, and not one in twenty-two a water-closet — and built new blocks of workmen's flats which were justly admired by architects and town-planners all over the world. They made Vienna a model city. And they paid for their work, not by borrowing — save for one small loan they made no call on public funds — but out of the normal sources of taxation. The old class of public officials grumbled at the loss of sinecures, the wealthy families grumbled at the high tax on domestic servants, the sportsmen grumbled at the 33⅓ per cent tax on race meetings, but everyone was proud of the new city and year after year the Viennese returned a Socialist majority at the elections.

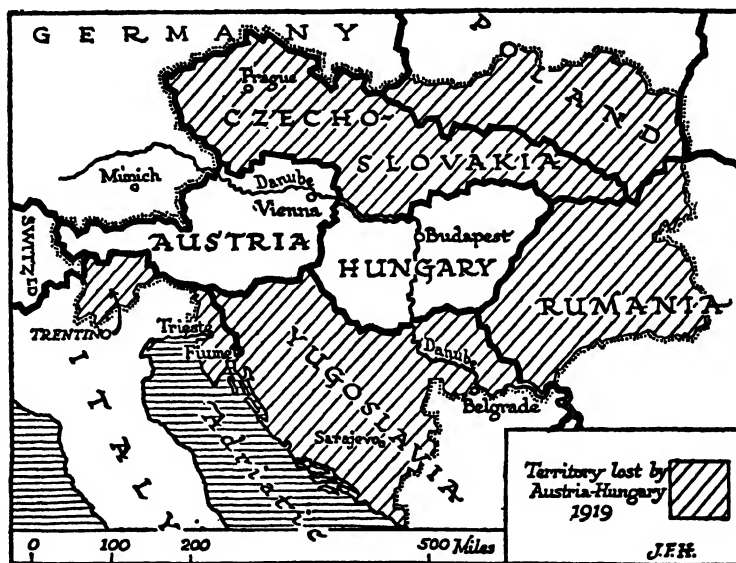
The Catholic provinces of Austria were jealous of Socialist Vienna. They were in a majority — nearly two-thirds of the national electorate were conservative and Catholic; dearly would they have liked to overthrow the Constitution and return to Habsburg rule. The more hot-headed of them were organized in a Fascist private army, the Heimwehr, under Prince Starhemberg, and there was always fear of a clash between Fascists and Social Democrats. A minor clash did occur in 1927, when favor shown to Fascists in the Courts led to a spontaneous strike of Viennese workers. The Socialist leader, Otto Deutsch, warned the police, but the latter lost their heads and fired on the crowd. Eighty-five strikers and two policemen were killed before order could be restored.

Postwar Austria was a strange anomaly: a Socialist capital in a conservative country, and a prosperous proletariat in a nation that could never, by the St. Germain Treaty, hope to achieve a healthy economic life. Austria was living on foreign loans. Postwar reconstruction in Austria was precarious, but no more precarious than in the rest of Central Europe.

Hungary, in spite of the decimating treaty and the years of terror after the war, was quicker in returning to normal. Normal, for Hungary, implied feudalism. For centuries a fabulously rich caste of inter-



related grandees had set an example of cosmopolitan culture and truly Magyar profligacy, opposed only by their poor relations, the country gentlemen who envied their riches but echoed their conservatism. For centuries the majority had consisted in millions of landless peasants and struggling subsistence-farmers with a standard of living as low as any in East Europe and lower than anything in the West. There was virtually no Magyar middle class; the professional and commercial services were performed by Germans and Jews, who were



well hated for their pains by rich and poor alike. This régime was restored in 1921. Through Count Bethlen, the typical grandee, and Admiral Horthy, the typical country gentleman, the ruling classes continued to rule. An Agrarian Reform Bill was passed in 1920, but five years later one third of the total area of Hungary was owned by a little group of 1130 more or less closely related proprietors. The peasants remained on the verge of starvation; it was pointed out by the Government that to raise wages would make it impossible for Hungarian wheat to compete with the cheaper product of the Canadian prairies, and that to introduce machinery would be to increase agricultural unemployment. The middle classes remained on the verge of persecution. A widespread anti-Semitic movement was launched

by Horthy's friend, General Gömbös, whose followers sent parcels of bombs to Jewish addresses and organized riots to expel Jewish students from the Universities. Gömbös became Minister of Defense in 1928 and Premier in 1932.

Internally Hungary had returned to normal, but externally her position was worse than it had ever been. She had not a friend in the world. With Austria she was quarreling over the Burgenland, with her other neighbors she was quarreling about the Magyar minorities included in their territories by the treaties. It was a godsend to her when Italy made overtures for an alliance, offering to give Hungary a commercial outlet to the Adriatic at Fiume. Count Bethlen visited Rome and the Italo-Hungarian treaty was signed in April 1927. "Hungary can rely on Italy's friendship," announced Mussolini fourteen months later: "It may be said that the territorial provisions of the Treaty of Trianon have cut too deeply into the flesh, and it may be added that for a thousand years Hungary has performed in the Danubian Basin an historic mission of importance. The Hungarian people, with their fervent patriotism, their consciousness of their power, their persevering work in time of peace, deserve a better fate. Not only from the point of view of universal equity, but also in the interest of Italy, it may be well that this better fate of Hungary should find its realization."

Hungary's neighbors, however, had a different conception of "universal equity."

## IV · THE NEW NATIONS

In all this book little will be said of spiritual values. Transcendental religion will scarcely be mentioned: rarely in the postwar period has it come near enough to the surface of events which it is the business of the contemporary historian to skim. But one form of secular religion has risen and broken in great waves over the postwar world. It is called Nationalism, and arises whenever a people united by historical tradition becomes conscious of being persecuted and exploited in the interest of foreigners. It is violent and intolerant, leads to murder, war and political insanity. It is uneconomic and irrational, leads to tariffs, reprisals and artificial barriers between race and race. Yet nationalism, and nationalism alone in our generation, has kept alive the sense of social pride and independence and the instinct for continuity with the past, without which all political associations are hollow. In one form or another it has swayed the course of postwar history in every State in the world, and has underlain the policies of rulers as different as Hitler and Stalin, De Valera and Chiang Kai-shek.

The year 1918 saw the emergence to full independence of seven new States in Europe, and the Paris peacemakers recognized their position on the new map. They occupy the vast belt of disputed territory between Germany and Russia. Before the war they were subject races, under the more or less oppressive rule of Hohenzollern, Habsburg or Romanov Empires; since the war they have been their own masters. As Dr. Seton-Watson has written: "Despite many imperfections, political, economic and social, on which much might be said, the nineteen years following the war have wrought the greatest transformation in their entire history, and the process is still far from complete. Hence the idea that the War brought nothing but ruin and retrogression would be emphatically denied by the best part of 100 million people in East and South-East Europe."

*Pilsudski's Poland.* The largest of the new States was Poland. After seven hundred years' existence as a sovereign Power, Poland disappeared from the map at the end of the eighteenth century, as the result of a series of piratical partitions on the part of Prussia, Russia, and Austria. Subsequent oppression had not been able to extinguish the Poles' national spirit, — nor their language and traditions, nor their desire for independence. During the World War both Germany and Russia promised them independence as the price of their support, and to make certain of their reward groups of Poles fought on either side.

The most effective Polish contingent was that led by Joseph Pilsudski against the Russians. Pilsudski was a remarkable man. He was born as long ago as 1867, of a noble Lithuanian family of Vilna, and had spent the years of his early manhood in incessant agitation against Russia. He was a Socialist in those days, and knew the bitterness of five years' confinement in Siberia, of exile in a London slum, and of imprisonment in Warsaw, from which he escaped only by feigning insanity. He was already a national hero when the war broke out, which he rightly saw to be Poland's supreme opportunity. He fought valiantly and cleverly for Germany until 1917, when the Russians collapsed and the Germans took possession of Warsaw. Then he refused to fight any more: he had fulfilled his contract; now the Germans must fulfill theirs by establishing an autonomous Polish State. The Germans replied by putting him in prison in Magdeburg. There he would have stayed, had not the German Revolution of November 1918 put an end to their imperialist plans.

Pilsudski found himself back in Warsaw and acclaimed as Chief of State and Minister of War by a Polish nation in its first rapture of achieved ambition. Tactfully he abstained from going to Versailles, but sent Paderewski: as a celebrated pianist the latter would be more likely to plead the Polish cause successfully before Allied statesmen who might have a long memory for ex-Socialists and ex-officers of the German army. Paderewski returned with Allied recognition for a Poland with frontiers on the west through Germany to the Baltic, and on the east from Grodno to the upper reaches of the Bug. This was not enough for Pilsudski. The civil war between Reds and Whites in Russia was offering an opportunity for revenge which no

lifelong enemy of Russia could resist. Pilsudski launched his army into the Ukraine and overran the country as far as Kiev. But in 1920 a Russian counteroffensive began; the Bolsheviks rolled his armies back and advanced to within six miles of Warsaw. Pilsudski was in despair, but France came to his help with money and with their most brilliant General, Weygand. Pilsudski attacked again, the Russians gave way, and in October he signed a triumphant peace by which Russia surrendered a large slice of White Russia and Ukraine. Even now Pilsudski was not content; he sent an army to capture his native Vilna, which Paderewski at Versailles had signed away to Lithuania. The Lithuanians appealed to the League of Nations, but the League was no match for a determined soldier. Vilna and a big wedge of territory between Lithuania and Russia became part of Poland.

So it was that the new Poland became a much larger State than had been contemplated at the Peace Conference or by the most fervid of prewar patriots. The natural home of the Polish nation lay in the plains watered by the Vistula and the Warta, that is in the four historic duchies of Poznan, Pomorze (the "Corridor"), Warsaw and Cracow; but the new Poland was more than a national State, for, apart from the Lithuanian population of the Vilna district, it included no less than seven million White Russians and Ukrainians.

To France the new Poland appeared as an invaluable bulwark against Russian Communism on one side and against German revival on the other. France set to work to arm Poland. In the Teschen area Poland had one important industrial center; by the award following the Silesian plebiscite she gained another. A Franco-Polish treaty was signed in 1921, and in 1923 a loan of 300 million gold francs was made to Poland. The real work of Polish reconstruction began in 1924, when France sent Marshal Foch, on a complimentary visit, and a further 35 million gold francs to Warsaw. The money was spent in building a new Baltic port, Gdynia, near Dantzig, and the contracts were given to the French firm of Schneider-Creusot.

Even with this help, the Poles did not find it easy to make a success of self-government after a century and a half of irresponsibility. The Poles, who are so fertile in artistic and intellectual genius, seem devoid

of even the most elementary political common sense. Their idea of stability was to keep the peasants on the level of serfs, and their idea of democracy was to use Parliament as a battleground for selfish interests. The politicians were jealous of Pilsudski. In May 1923 they forced him to resign and muddled along without him, bringing Poland to the verge of bankruptcy. Pilsudski was appalled by the difference between what Parliament might be and what it was — "a sterile, jabbering, howling thing that engendered such boredom as made the very flies die of sheer disgust." At last, in 1926, unable to bear the sight of misgovernment any longer, Pilsudski marched on Warsaw, carried out a *coup d'état*, and re-established himself in power. He had all Cromwell's belief in his own destiny, Cromwell's intolerance of opposition, combined with Cromwell's hankering after constitutional forms and reluctance to assume the title of King. France and Poland too — though it cost her half her budget — had to thank him for keeping the peace strength of the Polish army up to half a million. With her 34,000,000 population and her rising birth rate, the new Poland was the sixth strongest Power in Europe.

*The Baltic States.* It would have been an obvious prediction before the war that Poland would soon emerge, in one form or other, to independent nationhood, but no one would have forecast the same for the provinces lying to the north of her. Those Baltic Provinces were inhabited by some four million peasants belonging to three distinct races. Along the Niemen they were Lithuanians, members of a once independent non-Slavonic nation that had extended its conquests to the Black Sea in the Middle Ages, before its fortunes became bound up with those of Poland. Along the Daugava and its tributaries they were Latvians, an old Aryan tribe of great physical strength and a reputation for savagery. Further north, in the land between the Gulf of Riga, Lake Peipu and the Gulf of Finland, they were Estonians, by race neither Aryan nor Slavonic, and having no kinship to any other European people except the Finns and the Magyars.

The national consciousness of these three peoples was kept alive by their languages, folklore and peasant customs; but they had no hope of ever ruling the lands they inhabited. The land in the Baltic Provinces

was owned by German barons (the Balts), descendants of the Teutonic Knights who had overrun the Provinces in the twelfth century, and politically they were part of the Russian Empire.

During the war and in the years immediately following it, the Baltic Provinces became a battleground of incredible confusion. German imperial regiments; an army of Balts; Russian imperial regiments, White Russian and Bolshevik contingents,—even a British expeditionary force with American auxiliaries,—each fought to make the Balticum a land after its own heart. The result was that the various invading forces canceled each other out, and the native peasants were left in the field to create the three republics of Lithuania, Latvia and Estonia.

Of all the phoenixes that arose from the ashes of Europe in 1918, none was more promising to democratic eyes than these new Baltic States. The Constitutions of each were drawn up with the most scrupulous regard for individual liberties. There was universal suffrage, secret ballot, one single legislative Chamber, and every possible safeguard against an irresponsible executive. Estonia even went so far as to do without a President. For a decade the course of politics ran smooth, impeded only by a multiplicity of parties *à la française*—at one time the hundred members of the Latvian Chamber represented twenty-nine distinct parties. Each Republic undertook a wholesale agrarian reform, breaking up the great feudal estates of the Polish and Balt barons into small peasant holdings. In Lithuania, 55,000 peasant families became owners of the land they worked, and 35,000 existing small holdings were augmented. In Latvia and Estonia reform was more far-reaching: 225,000 peasant families became landowners in the former and 133,000 in the latter. The Baltic States faced the world as independent nations, proud of their liberty and of their little farms, developing with praiseworthy vigor their national culture and their exports of dairy produce and timber. Europe was happy to have, at last, a democratic buffer between Russia and Germany.

To the traveler in the Baltic States, the striking thing was not the resemblance but the difference between them. In Estonia, though it was the farthest distant and the most Eastern in aspect, there was a feeling of freedom and ease: one might be in Scandinavia. In Latvia, though Riga is a splendid "Western" city, rightly called "the Paris of the

North," there was a feeling of fear and truculence: one might be in Prussia. In Lithuania, though the nearest to the West, there was a feeling of tension and recrimination reminiscent of the Balkans: the capital, Kaunas, was an unappetizing mixture of garrison and ghetto, and one heard on every side expressions of hatred of the Poles, who had seized Vilna, and of the Germans, whose port of Memel the Lithuanians had themselves seized by way of recompense. The obvious alliance and potential federation of the new Baltic States was barred by Lithuania's quarrels with her southern and western neighbors.

*Finland.* The emergence of Finland as an independent nation is less surprising and less painful than that of the Baltic States. From the Viking to the Napoleonic age, the Finns had been part of the Swedish Empire; but they had retained their provincial autonomy, and this was left to them by Alexander I when Russia annexed Finland in 1809. Finnish nationalism was born in the nineteenth century, but it did not become militant until the beginning of the twentieth, when the Tsarist Government was attempting a reactionary policy of Russification. In 1918, there was civil war in Finland between Reds and Whites. Bolsheviks from Russia gave aid to the Reds, soldiers from Germany helped the Whites, and the latter won. Luckily for Finland the German revolution and defeat soon followed, and the Finns were left to set their house in order as an independent nation.

Like the Baltic States, Finland adopted a democratic constitution and a wholesale land reform. But unlike the Baltic States, Finland had a tradition of autonomy and a vast source of wealth in her timber and the sawmills and paper-factories which had been established before the war. Finland became a happy and prosperous country, the equal in riches and culture of the Scandinavian States. It was the eastern outpost of Western civilization, and nowhere in Europe were the fruits of nationalism so sweet.

*Rumania.* To turn from Baltic to Balkan nationalism is to turn from Europe to Asia. While the northern peoples had had Swedes and Germans for their conquerors, the Balkans had had Turks. Unity in resistance had been denied them by mountain and river barriers and by deep racial cleavages; nationalism had been nascent before the



war and six new Balkan nations were on the political map in 1914. Not one of these, however, was satisfied with its boundaries.

Rumania emerged from the war practically as a new State: she was doubled in area and in population as a result of the peace treaties. Never was an increase of territory so ill deserved. The Hohenzollern King of Rumania was in alliance with Germany at the outbreak of war. His ministers would not let him declare war against the Allies, and for two years Rumania stayed neutral. Then the "liberal" minister Ion Bratianu made a bargain with the Allies: Rumania would fight against Germany in return for Transylvania, Bukowina and the Banat of Temesvar as far as the Theiss. It was an unconscionable bargain, but the Allies accepted it. Rumania fought and was immediately defeated: in December 1917 she signed an armistice with Germany, and in the following May a capitulatory treaty of peace. But Bratianu was watchful in defeat. On November 9, 1918, two days before hostilities ended, Rumania declared war against Germany again, and so was able to turn up at the Paris Conference to claim her reward as a victorious ally. She got Transylvania, she got Bukowina, she got her share of the Banat. And she proceeded to take the Province of Bessarabia, which in 1917 had voted itself an autonomous Republic within the Soviet Union.

The new Rumania had considerable natural wealth—some fine agricultural land, and also petrol resources excelled by only three countries in the world. It was hardly to be expected that in her suddenly swollen state she would be able to evolve a sound political system. The Constitution was manipulated so that the clique controlling the electoral machine could always win a majority at the elections. Minorities were neatly wiped out by a law which laid down that any party winning 40 per cent of the votes should have 50 per cent of the seats as well as the proportion of the other 50 per cent of seats to which its share of the votes entitled it. Political corruption reached depths unknown in Europe, and the only stable things in Rumania were the persistent allocation of some 40 per cent of the budget to the army, and her adherence to the Little Entente. There was no sign of improvement until 1928, when the Bratianu clique fell, and the peasant leader Maniu became Prime Minister. Maniu did everything that one man could do to rid the Government of corruption, and he carried

through a great reform — the land settlement, by which the big estates were broken up and divided in small holdings among some of Rumania's fourteen million peasants. The division of land added to the happiness of the peasants, but it did not by any means increase the agricultural output of the country. Maniu found himself between the upper and the nether millstone, between the incalculable court intrigues of King Carol and the grinding poverty of the people. There was only one possibility of salvation for democracy in Rumania: that world-prices of oil and agricultural products should rise. If they did not, there would be nothing but economic ruin and political dictatorship for Rumania.

*Yugoslavia.* The Kingdom of the Serbs, Croats and Slovenes, like the other new States of Europe, was the product of an unnatural union of motives. President Wilson had wished to liberate the southern (or *Yugo-*) Slav peoples, whose history had been one of almost unceasing persecution. Clemenceau had wanted to set up a State which would relieve Austria of her old southern provinces, and at the same time keep Italy out of the Dalmatian coast. In the first decade of the new State's existence, there were constant quarrels between the Serbs of Belgrade, who imposed their own King Alexander and a centralized constitution of their own making upon the new kingdom, and the Croat peasants of the northern and western provinces, who found that they had less liberty under the new Yugoslavia than under the old Austro-Hungarian monarchy. The Dual Monarchy had allowed them a degree of autonomy, as befitted a people who had had a European culture for many centuries. It is little wonder that they resented the domination of the Serbs, a people who had been brutalized by hundreds of years of Turkish rule, and who numbered only 46 per cent of the population of Yugoslavia. A Croat Peasant Party was formed under the leadership of Stefan Raditch, a voluble idealist with little tact but with unbounded devotion to his cause. For years Raditch refused to let his party take any part in the political life of the State, in protest against the purely Serbian interests of Belgrade. The Government replied by putting him in prison in 1925, but soon realized that this was a false move, and setting him free gave him the post of Minister of Education. Parliament now became an arena for battles between Serbs and anti-Serbs;

sometimes the fighting was confined to insults, often it came to blows. The climax was reached in 1928, when a pro-Government deputy rose in his seat and shot Raditch. The Croat leader died of his wounds. His people honored his memory, mourning him as a national martyr. The main obstacle to the Serbianizing of Yugoslavia was gone.

The new State was wretchedly poor; the Government was depending chiefly on foreign credits. France was the largest lender, but she drove a hard bargain in the treaty made with Yugoslavia in 1927, in which it was stipulated that five new divisions be added to the Yugoslavian army. American bankers offered less onerous terms: Mr. Morgan would put up a loan if the Belgrade Government would grant, as Bucharest had done, a monopoly of electrical development to his International Telephone and Telegraph Company.

*Democratic Czechoslovakia.* The claim of the Czechs to independence is almost as old as the hills of their native Bohemia. It is a thousand years since their good King Wenceslaus looked out on the feast of Stephen. All through the middle ages Bohemian independence was a vital force in Europe. A King of Bohemia founded the first University in Central Europe in Prague; Germans flocked over the mountain to attend it, threatened to monopolize it, and at the beginning of the fifteenth century were duly expelled by the Czechs. This was the beginning of a long century of wars for Bohemian independence, fought in the name of the Czech hero, Huss, and under the banner of the Czech general, Ziska. They ended with Bohemia under Austria rule, but in 1618 war broke out again when Czechs threw two Austrian Catholic emissaries out of a window in Prague. Three quarters of the population of Bohemia were wiped out in the terrible Thirty Years' War. It was not until 1882, when the Czech University of Prague was re-established, that the cause of Czech independence was revived.

The leader of the revival was one of the young university professors, T. G. Masaryk. He was the son of a Slovak coachman and a Czech servantgirl, and his ideal was a union of the Czechs and Slovaks—twin branches of the Slav race—in a Czechoslovak nation. He married an American heiress, and added her name to his own, calling

himself Thomas Garrigue Masaryk. The connection with the United States was to stand him in good stead.

When the war broke out in 1914 Masaryk realized that the opportunity of his people to break away from the Austro-Hungarian Empire had come at last. He left Prague and traveled to Geneva, Paris and London, putting the Czechoslovak case before the Allied statesmen. He was in London in 1917 when he heard of the March revolution in St. Petersburg. He hastened to Russia, and the Czech contingent in Russia elected him their Dictator, but Masaryk was needed elsewhere. He hurried on to the United States, and secured from Mr. Lansing in June 1918 the declaration that "America desires that all branches of the Slav race should be completely freed from German and Austrian rule."

Meanwhile Masaryk's friend Eduard Beneš was active in Paris and London, winning Allied recognition of a future Czechoslovak State, and at Prague Slovaks like Stefanik and Hodza were co-operating with Czech leaders to prepare the breakaway from the moribund Austro-Hungarian Empire. The great day came on October 21, when the National Council at Prague declared for Czechoslovak independence. Masaryk was in America when he heard the news that he had been elected first President of the Republic of Czechoslovakia.

The Paris Conference dealt generously with the new Republic. Its frontiers were recognized to be those of the historic provinces of Bohemia, Moravia, Slovakia, to which was added Ruthenia. There was no excuse for this addition,—the Ruthenians were more nearly akin to the Ukrainians of Poland and Russia than to the Slovaks,—but it was thought a good strategic move to link Czechoslovakia with Rumania. There was no ethnical excuse, either, for dropping the southern boundary of the State to the Danube, for the Danube valley was inhabited by Magyars, but an outlet to the river was considered necessary to the economic life of the new State. Ethnically also, the western and northern boundaries of Bohemia made a bad frontier, for they left 3,250,000 German-speaking Austrians in Czechoslovakia; but the Bohemia mountain-barrier was the strongest of all strategic frontiers, and the Sudeten Germans had never been citizens of the German State. The Czechoslovaks had received their national independence with a large margin, for among the **fifteen million** people

of the new Republic were 3,250,000 Germans, 745,000 Magyars and 461,000 Ruthenians.

The heterogeneous citizens had every reason for satisfaction with the new State. Not only were they under a democratic régime which granted the eight-hour day to industrial workers in 1918 and divided the land among the peasants in 1921 so that only 31,000 farms were left of over 100 acres in extent, but they were members of the richest of all the new nations which emerged after the war. In agricultural products Czechoslovakia was self-sufficient, and in industrial products she was more than self-sufficient. Iron ore she had to import, but for the rest she was one of the greatest industrial Powers in Europe, possessing the coal of Teschen, the metals of the Bohemian mountains, the gigantic munitions-factories of Skoda, and vast plants for the manufacture on an export basis of textiles, porcelain, glass and shoes.

The foreign policy of Czechoslovakia was one of quite extraordinary consistency, directed as it was by Dr. Beneš, who was foreign minister almost continuously until his election to the Presidency on Masaryk's death in 1937. The first need of Czechoslovakia was the good will of her neighbors. As a country with no defensible boundaries on her southern flank, she needed their good will for her security; as a country with no outlet to the sea, she needed it for her prosperity. Immediately after the war, when she had just wrested herself free from the Austro-Hungarian Monarchy, she could hardly expect the good will of Hungary. Consequently Dr. Beneš made an alliance with Rumania and Yugoslavia. This Little Entente, between the three States who had been granted most of Hungary by the Treaty of Trianon, began with the sole aim of keeping Hungary down. In 1921 it prevented a restoration of Karl von Habsburg, and in 1922 it secured the admission of Hungary to the League, thereby winning her promise not to go to war without first submitting her case to arbitration. The anti-Hungarian *raison d'être* of the Little Entente was thus largely removed. Beneš gave a new direction to the alliance by joining in the League effort to save Austria and Hungary from bankruptcy; now that their revival as an imperial power was blocked they would be useful as buyers of Czech goods. He extended the alliance to include Poland and later made defensive pacts with France and Soviet Russia as well. Czechoslovakia flourished exceedingly in the decade after the war.

Her only fear was of a revival of imperialism in Germany, and that was not in sight until long after 1929.

*The Problem of National Minorities.* The emergence of the new States in eastern Europe satisfied the nationalist aspirations of tens of millions of people, but it left the aspirations of millions still unsatisfied. For the frontiers of each new national State included, inevitably, minorities of alien races. It would have been too much to expect nations in the first flush of liberation to extend to those minorities the liberties that they had demanded for themselves in the days of their servitude. The Peace Conference recognized this, and tried to bind the new States (and also Austria, Hungary, and Turkey) by Minorities Treaties under which they became responsible to the League of Nations for granting linguistic, religious and cultural liberties to the aliens under their rule. But there was no coercive power behind the League, and in fact only one of the new States fully honored its obligations. The others varied between uneasy tolerance and arrant persecution of their national minorities.

In Finland ten per cent of the population were Swedish-speaking. To them the Finns allowed every liberty, although the Swedish part constituted the richer and therefore enviable section of the community. The Finnish Government spent more money on the education of Swedes than on that of Finns, and the Swedish language was made one of the two equal official languages of the Republic. This was a model of how a minority should be treated, and the Swedo-Finns repaid the leniency by their loyalty.

Czechoslovakia was second only to Finland in the generous treatment of minorities, allowing them freedom of speech, press and assembly, the right of education in their own language and of representation in the Prague Parliament. Slovakia and Ruthenia were eventually granted local legislative assemblies, though this privilege was denied to the scattered areas inhabited by the large German minority. The Germans were represented in the Prague Parliament and in the Cabinet, but they considered themselves unfairly treated. Mr. Runciman, who went to Prague as mediator in September 1938, wrote in his report: "I have been left with the impression that Czechoslovak rule in the Sudeten areas for the last 20 years, though not ac-

tively oppressive and certainly not 'terroristic,' has been marked by tactlessness, lack of understanding, petty intolerance and discrimination." But that was in 1938. Two years earlier, Mr. G. E. R. Gedye, the best informed of Central European correspondents, was able to write: "The most hopeful racial situation in Czechoslovakia is that between Czechs and Germans."

If the Czechs were tactless, the Poles were openly vindictive in their treatment of non-Polish minorities. In spite of Pilsudski's promise to the Allies in 1923 to grant the Ukrainians autonomy, they were ruled, the whole four million of them, by Polish officials and police, and were deprived of their schools (there were 2420 Ukrainian schools in Galicia in 1912; in 1927 there were only 745). The White Russian minority had scarcely better treatment, and as for the 2,100,000 Polish Jews — if they can be called a national minority — they were deprived of most civil rights and were subjected to a persecution that became more acute as the postwar age advanced.

It was not the problem of national minorities that upset the balance of the new nations of Europe, but the catastrophic drop in world commodity prices and the subsequent economic crisis of 1929-1932. Ten years after the war the new States — and Germany, Austria and Hungary as well — were all making some progress, however elementary, towards that parliamentary democratic form of government which had been the ideal of the Paris peacemakers. True, they had unsolved internal problems — dissatisfied minorities, peasants living dangerously near subsistence level, budgets that would hardly balance because of the huge sums devoted to armaments — but they were helped by the support of France and America. French help showed itself in defensive treaties with the Little Entente and Poland, in loans and in guidance on military organization; American support in private loans, and in the eagerness of American capitalists to develop the new nations' resources. Poland, Rumania, Austria, Hungary and Germany — above all Germany — were living on foreign money. Finland and Czechoslovakia, thanks to their industries, were in a tolerably strong economic position, but they depended on foreigners' willingness to buy their goods. A day might come when foreigners would refuse to lend, when foreigners would raise their tariffs and refuse to buy. A day might come when prices would fall and sellers be unable to get the cost price of their

goods. And that would be the end of the reconstruction of the nations of East and Central Europe, and of their more or less democratic constitutions.

The day came in 1929. Before we describe the crisis and its consequences, we must turn aside to events in other parts of Europe, to the strange developments in victorious France, to the most undemocratic revival of Italy, to dictatorship and revolution in Spain, and to the postwar difficulties of Great Britain.



## V · VICTORIOUS FRANCE

MORE than any other nation France was responsible for the turns which the political development of Central Europe had taken since the war. It is easy to misunderstand French policy, easy to blame it for wrecking Wilson's peace, for saddling Germany with the unbearable load of Reparations, for invading the Ruhr, for building up a chain of alliances in Eastern Europe suspiciously like that which had dragged half the world into war in 1914. It is hard to understand that in manœuvring thus for security France was trying to defend a culture which, if there is any standard by which one culture can be compared with another, must be admitted to be the finest in the modern world. For nearly a thousand years France had been the most civilized nation in Europe.

She was the first to win national independence. In the seventeenth century she became the accepted model for the culture of Europe, her language was the language of every European Court, her manners in dress, conversation and polite behavior were the standard for anyone who had any aspirations to civility. In the French Revolution she fought for the ideals of enlightenment, of liberty and equality before the law, and gave Europe the example which in the nineteenth century led every State to refashion its constitution on more democratic lines. It is little wonder that France feels to-day that she is the guardian of European culture. France is conscious that she has a mission towards the rest of the world, not a religious mission like that of Spain in her imperialist days, not a political mission such as Englishmen are conscious of in their essays in imperialism, but of a *mission civilisatrice*. For France has attained what every other nation is striving towards, an internal harmony. As Count Hermann Keyserling says, "This land embodies the one universally intelligible and universally enjoyable harmony between man and his surrounding world which is to be found in Europe." No one who has lived in France can fail to be aware of that harmony; it is made up of a perfect balance between Greek

σωφροσύνη and Roman *gravitas*, *pietas* and *constantia*, between Humanist intellectual inquiry and Catholic faith, between deep family loyalty and staunch individualism. The harmony can be seen, too, on the economic plane. No nation has achieved such economic balance as France. One half of the population devotes itself to agriculture, one half to industry and commerce, half are peasants, half townsmen. And "agriculture" in France does not mean extensive corn-growing, nor "industry" the manufacture by mass-production of a few more or less standardized articles for export. Agriculture means the intensive cultivation of fruit, wine, vegetables, as well as cereals; industry the perfection by inherited craftsmanship of a thousand articles by a million small manufacturers, as well as the production by modern methods of textiles and metal goods by big industrial units.

*Fear of Invasion.* All France's policy is directed towards security, towards preserving intact the territory which has been the cradle of her culture. France has always been frightened, and with reason, of invasion. She has never had on her eastern flank a safe frontier such as England has in the sea and the United States in the under-populated expanses of Canada and Mexico. The Industrial Revolution made France more vulnerable than ever, for her resources of iron and coal were found to lie within a few miles of that open eastern frontier. Twice within living memory France has been invaded. The World War was fought largely on French land, over counties which had housed one eighth of her population.

It is hard for Englishmen, who have not known a serious invasion since 1066, and for Americans, who have the oceans between them and potential enemies, to realize what this means; it is easy for them to sneer at France's anxiety over her security. They have done little since 1918 to help her to achieve it. An American Senate repudiated the guarantee which the President promised at Paris. An English Conservative Government, as we shall see, rejected one French security pact and a Labor Government another. Both English and Americans opposed the Ruhr adventure, and if at Locarno England gave some guarantee of French immunity from invasion it was 1929 before America consented to "out-law war" in the Briand-Kellogg pact—and that pact was not much more than a pious resolution. A French writer, Léon Bourgeois, had

proposed to Wilson that the League of Nations be equipped with an international army to restrain nations from future breaches of the peace, but that proposal was rejected; a French politician, Aristide Briand, later made much the same proposal at Geneva, but again it was rejected. France fell back on a strong army and a new line of subterranean fortresses built along her vulnerable eastern frontier.

The reason for English and American apathy towards France's fear of invasion was partly lack of imagination and partly justifiable distrust of one group of French interests. Most classes in France were tolerably contented, the peasants to cultivate their small holdings, the *rentiers* to live on their small investments, the small industrialists to apply their skill to their incomparable products, but one group, the heavy industrialists, were dangerously ambitious. French heavy industry dates from the days of the second Empire of Napoleon III and has preserved an imperialistic outlook. After the War its directors dreamed a dream: they saw themselves in control of the iron and potash of Lorraine and of the coal and coke of the Saar and the Ruhr, all working as a single industrial unit under the Association of French ironmasters, the *Comité des Forges*, of which the Schneider-Creusot firm was the leading member. Their dream was shattered by the Versailles Treaty when the Ruhr and the Rhineland were left in German hands. They determined to achieve their ambition by pulling political wires.

*Political Parties.* French political wires are more complicated and to the outsider more confused than those of other countries, because they are attached to a more delicately balanced social system. Each tiny group, social and economic, has its party, and no party can hope to command a majority in the Chamber without the support of several others. Every Government must depend upon a coalition of parties, and if it offends any of the widely different interests which they represent, it falls. In these circumstances it is not surprising that the average life of a Ministry is only a few months; Prime Ministers fall and Ministries are reshuffled as the balance of power in the coalition shifts to right or to left of the Chamber. This body cannot be dissolved before the end of its full term of four years (except by consent of the Senate which is never given), and Prime Ministers, deprived of the weapon of an appeal to the electorate, must make shift with the members they find before them.

The elections of November 16, 1919, brought into power a coalition known as the *Bloc National*. Like most groups which use the label National it was reactionary. The *Bloc National* represented an unholy alliance of diehards, Catholic clericals, the *Comité des Forges* and big financial and industrial interests generally. Its policy, like that of the English Parliament of that time, was to make Germany pay for the damage done by the War. Gradually the balance shifted to the reactionary side of the coalition. Clemenceau was blamed for letting Germany off too lightly; he chose to resign in January 1920, and the fire-eating Millerand became Premier. Eight months later Millerand was raised to the Presidency, but he continued to act as if he were leader of the Government; and in January 1922 he sent a peremptory telegram recalling Briand from the Cannes Conference, where that long-sighted politician had been taking a lenient view of the Reparations question. Briand's fall gave the *Bloc National* a new and most redoubtable leader, Raymond Poincaré. The policy of Poincaré can be gauged from his appearance; he was a square-headed, stiff-bearded man who wore a semimilitary cap and, on occasion, black leggings over his civilian suit. No one had greater experience: from 1913 to 1920 he had been President of the Republic.

Under the *Bloc National* the ironmasters of the *Comité des Forges* were able to build up a lucrative export trade with the new States of Europe. Special French banks were formed to open up these countries, the *Banque d'Europe Central* for the Little Entente, Austria and Hungary, the *Banque Polonaise* for Poland, and the *Banque Franco-Serbe* for Yugoslavia. In December 1923, Poincaré offered large loans to the two latter States for the purchase of munitions and other military supplies. But the *Comité* and the *Bloc* overreached themselves in the Ruhr invasion. Poincaré resigned the Prime Ministership, and Schneider the chairmanship of the *Comité des Forges*, and an entirely new Coalition, the *Cartel des Gauches*, came into power in 1924.

The *Cartel* was not "left" in any sense — though in financial matters it might be called gauche. It was not revolutionary, not even Socialist, but consisted of a group of moderate factions representing the small industrialist, the *rentier*, the peasant proprietor and the civil servant — a peace-loving coalition. Its first leader was Herriot, a "man of the people" who had risen through scholarships to a professor's chair, and

through his genial personality to the mayoralty of Lyons, an office which he had held for some twenty years. Its second was Aristide Briand. In foreign affairs the policy of the *Cartel* was to seek peace and ensue it by arbitration. At first everything went well. Herriot insisted on the resignation of the President Millerand, who had been behind Poincaré in the Ruhr business, and followed Ramsay MacDonald's lead in giving official recognition to the Soviet Government of Russia. Briand and MacDonald together drew up a plan for making the League of Nations an effective instrument in preventing future wars. The idea was to invite every member of the League to sign a Protocol promising to submit every dispute to arbitration. The Protocol went further than the Covenant, for it gave a clear definition of the term "aggressor": the aggressor was deemed to be the Power which refused to accept arbitration. At first it seemed that no nation could decently refuse to sign, but when the Labor Government was succeeded by the Conservatives in England the weakness of the plan soon became apparent. The Powers most likely not to accept the League's decisions were the non-members, Russia for instance. The British Dominions would then be dragged into a war against Russia in which they had nothing to gain. Great Britain refused her signature, and the Geneva Protocol was buried. The *Cartel* was not discouraged by this setback: its leaders continued to work for peace in foreign affairs and soon had to their credit the acceptance of the Dawes Plan, the evacuation of the Ruhr, and the signature of the Locarno pacts.

In home affairs its object was simple: it wanted to avoid additional taxation. The Frenchman has never paid taxes with alacrity; it has been said that he will die for his country but will not pay taxes to it. French Governments paid for the War, not by taxation, but by loans — loans from Frenchmen and from Great Britain and the United States. There was no income tax until 1917, and for many years after that there was no machinery to induce a Frenchman to declare his income in full. The Government seemed to have no hope of balancing its budget; Reparations were yielding little, the reconstruction of the devastated areas had cost France 20 million francs before a single mark was paid by Germany, and the Ruhr invasion had proved extremely expensive. Not surprisingly the franc was falling in the foreign exchanges. The *Cartel* leaders were forced against their natural inclination to increase

taxation; an extra 7½ milliards were levied in April 1926. It was not enough to balance the budget or to save the franc, but it was more than enough to lose them their majority. In July 1926 the pound sterling was worth 250 francs. Poincaré became Prime Minister again, at the head of a new Coalition, the *Union Nationale*.

*Poincaré and the Franc.* The *Union Nationale*, which was to rule France until 1932, was composed of stranger bedfellows than either of the other two postwar coalitions. Poincaré set out to combine the industrial policy of the old *Bloc* with the more enlightened foreign policy of the *Cartel*. It was a clever idea. He satisfied foreign opinion by appointing Briand to the Foreign Office; he satisfied radical opinion at home by making Herriot Minister of Education; he placated reformers at home and abroad by leaving Millerand out of the Ministry. But he kept finance in his own hands and called in the reactionary Tardieu to support him as Minister of Public Works.

The first necessity for France at that moment was drastic financial action. Poincaré took it. He raised the income tax, he increased indirect taxes, he set aside the tobacco monopoly and the estate duties for debt-redemption, he applied the axe in the civil service. By dint of these sacrifices, and with the help of the Bank of France, he balanced the budget (for the first time in sixteen years), and he drove the value of the franc up to 124 to the pound sterling. He could have driven it up still farther, but that did not suit his book. He kept the franc stable at 124-125, and in 1928 brought France back to the gold standard with the franc at that level.

It was a smart piece of work. The franc was now fixed at one fifth of its prewar level; this meant that of all debts owed in francs only one fifth need be paid. The *rentiers* suffered, being deprived of four fifths of their income, but perhaps they deserved to lose it; French citizens, like Florentines in Medici days, had preferred to lend the Government money for *rentes* instead of giving the Government money in taxes. A war has to be paid for somehow, and now the French citizens were paying in the loss of their loans. Their individual loss was more than made up by the general improvement in the economic condition of the country. By Poincaré's action the Government was relieved of four fifths of its capital charges. For a time French industries were able to

undersell other countries in the markets of the world, and the iron-masters forged ahead.

*Church and Republic.* In these years the French Republican régime had a new ally in the Catholic Church. Since its foundation in 1871 the Third Republic had been bitterly opposed to the Church; it had taken its stand on liberty of conscience and was determined not to favor any one form of religious belief. Catholicism ceased to be the established religion of France; the church buildings became the property of the Communes; the clergy were no longer paid by the State; monks and nuns lost the right to live in communities on French soil; and religious instruction in the State schools was forbidden. The Pope protested against the paganism of the new Republic. At first it seemed as if the organized forces of Catholicism might overthrow it, but in 1891 the Pope advised the faithful to take part in the political life of the State, and to vote at elections without forming a specifically Clerical party. From now on open resistance to the Republic was confined to a bitter religious Press and an organization of Catholic Royalists, the *Action Française*.

The Republic remained officially opposed to the Church throughout the prewar period. But four years in the valley of the shadow of death revived the need of Frenchmen for a transcendental dogmatic religion. The *Bloc National* was supported by a considerable body of men who favored the claims of the Church; a French Ambassador was accredited to the Vatican and religious Orders began to establish themselves again in France. The *Cartel des Gauches* was alarmed by these concessions and threatened to recall their Vatican representative, but the Pope showed himself anxious to make every possible concession to the Republic. The *Action Française* was clamoring for the restoration of a Catholic Monarch even at the cost of civil war: Pius XI felt compelled to put the whole movement under the ban of the Church, even though it was the strongest Catholic organization in France. By a series of decrees culminating in 1927 he forbade the faithful to support the *Action Française* movement or to read its paper under pain of being denied Church marriage and the other sacraments of religion; and so the old breach between Church and Republic was largely healed, though the Church remained disestablished. The majority of men and women —

especially of women — in France would have liked to see Catholicism established once more as the official religion, but the anti-clericals retained a majority at the elections by consistently refusing to allow votes to women.

How important the Church question has been in the postwar history of France can be seen by events in Alsace and Lorraine. The Germans had allowed these provinces to keep their own legislatures and a certain degree of independence. They had allowed them to preserve the Concordat with the Papacy under which the Catholic clergy were maintained at the expense of the State and Catholic children brought up in the doctrines of their faith in State-aided schools. After 1918 the French set out to destroy all this. The *Bloc National* swept away local independence by abolishing the provincial legislative assemblies and administering the two provinces by Parisian officials, ignorant alike of local customs and of the local Germanic dialects which most of the inhabitants spoke. The *Cartel des Gauches* attempted to sweep away the Concordat: it was proposed that the Church should maintain her own clergy and that no religious instruction should be given in the schools. Here the French Government had overreached itself. Parents encouraged their not unwilling children to go on strike and to boycott the schools. Herriot had to make a compromise by which children were to be given no religious instruction in State-aided schools, though time was to be set aside for them to attend religious classes in Church schools. The Alsace-Lorrainers were not satisfied; a strong faction among them began to demand national independence, and when Poincaré, himself a Lorrainer by birth, set about suppressing this *autonomiste* movement by shutting down their newspapers and arresting their leaders, the *autonomiste* faction grew, and Alsace-Lorraine seemed ripe for rebellion. Again the French Government had to give in; the newspaper offices were re-opened, *autonomiste* propaganda was tolerated, and Church liberties were not further threatened.

*Briand and the League.* France in 1928 was in a very strong position; she had the largest army in Europe and the largest reserve of gold, her budget showed a surplus, and her heavy industry was flourishing. There were dangers, of course: Germany might rearm, Italy under Mussolini might prove aggressive, Austria and Hungary were showing inclinations



to combine once more under a Habsburg monarch, and Russia was always a problem. But at the present moment all was well. The great problem for France was to ensure that those present conditions would be continued in the future. Briand was fertile in ideas. He approached America: Paris and Washington had no quarrels — wouldn't Washington sign a treaty of everlasting peace with Paris? Washington would not. Secretary Kellogg pointed out that for him to sign a treaty with one single Power would be invidious; he proposed instead a general treaty which all Powers would sign, guaranteeing to abstain from aggressive war for ever. The suggestion was harmless; fifty-three Powers signed the Paris (or Briand-Kellogg) Pact in 1928 and 1929. It was also quite useless; there was nothing to stop any nation from making a war which it considered to be defensive. Kellogg had insisted that the Pact should contain nothing "which restricts or impairs in any way the right of self-defense; that right is inherent in every sovereign State and is implied in every treaty." Within three weeks of ratifying the Pact the United States Senate passed a bill for the building of fifteen new cruisers at the cost of a quarter-billion dollars.

Briand now turned to Geneva with a startling proposal. He suggested that the European members of the League should form a League-within-the-League, a close union for the preservation of peace which might form the basis for a future United States of Europe. On Briand's lips the plan seemed unexceptionable; it would establish "a bond of solidarity which would permit the nations of Europe at last to become conscious of their geographical unity, and to realize, within the framework of the League, one of the regional understandings recommended in the covenant." But there were certain obvious objections. In the first place France's allies, Belgium, Poland and the Little Entente, would be members and Great Britain's Dominions would not; France would therefore have seven votes in the new Union while Great Britain had one. Secondly, if Russia and Turkey were to be excluded as non-European nations, the Union might turn into a French conspiracy for preventing the revision of the Versailles settlement for all eternity. Briand's plan fell to the ground, and France reverted for her security to her old plan of strengthening her army, fortifying her eastern frontier, and cementing the frontiers of her Allies by loans for military expenditure.

*The Republic in Danger.* The *Union Nationale* was strong enough to survive Poincaré, who died in 1929, and Briand, who retired soon after. It was strong enough to make France seem the most stable nation in Europe during the great economic depression of 1929-1931 (see page 112). Yet it found itself in serious difficulties. The French people have never been rich in the sense that Americans and Englishmen have been rich, and now they were burdened with taxation heavier in proportion to national wealth than Americans or Englishmen ever had to bear, and the cost of living was up to four times its prewar level. The depression outside France was hitting the French export industries, indirect taxation was yielding less and less, and yet such was the unsettled condition of Europe that France felt bound to spend more and more on military equipment. At last, in the elections of May 1932, the *Union Nationale* was defeated and a less conservative coalition, reminiscent of the old *Cartel*, came into power.

The old weakness of the *Gauche* became at once apparent: the Government could not balance the budget without increasing taxation, and it could not increase taxation without losing the support of its component parties. Ministry succeeded Ministry, and still the budget deficit increased. It appeared that strong government was impossible so long as Radicals, Socialists and Communists continued to distrust each other, yet throughout 1932 and 1933 this distrust intensified.

The reaction of the French man-in-the-street to this was to lose faith in the whole republican parliamentary system. At the beginning of 1934, this reaction came to a head. A financier of the name of Stavisky was caught in the fraudulent issue of some Bayonne bonds and committed suicide to escape detention. It then became known that he had been arrested in 1926 for a fraud involving 7,500,000 francs, and that his trial had been postponed no less than nineteen times through the complicity of friends in high places. Now the sewers of French police and official circles were opened at last. The public recoiled from the stench: it seemed in those days that the whole republican administration was corrupt, and the refusal of the Government to institute an official inquiry into the *affaire Stavisky* was taken as proof positive.

Despairing of parliamentary leadership, the Parisian public turned to violence. A number of Royalist leagues organized a demonstration against the Chamber on February 6th. They were joined by tens of

thousands of young men who were determined to take a hand in driving out the "politicians," and by a number of Communist agitators. The police, taken unawares, were unable to control the crowds which assembled in the Place de la Concorde, and the demonstration turned into a riot in which twenty-one people were killed and 1600 injured.

To save the Republic, an octogenarian ex-president, Doumergue, was recalled from retirement to become the head of a ministry significantly called the National Concentration. Doumergue's cherished idea was the convention of a Constituent Assembly at Versailles with the object of prohibiting the proposal of expenditure by private members, curtailing the right of civil servants to strike and empowering the Premier to dissolve the Chamber at will. It was on this last point that the Doumergue plan broke down. The Left Wing deputies saw the specter of Fascism behind the projected power of dissolution, and in November Doumergue was forced to resign.

During the year that followed the people of France seemed to be drifting into two rival camps. On one hand the Royalist leagues' membership was multiplying. The organization led by Colonel de la Rocque and known as the *Croix de Feu* gained the support of vast numbers of determined young men of the upper middle classes and drew funds from their fathers in the high financial and industrial circles. The *Croix de Feu* aims were authoritarian to the point of Fascism. On the other hand, the French Socialists signed a pact with the Communists in August 1934, and on July 14th, 1935, leaders of the Radical party joined them in a great demonstration in Paris. By the end of 1935, a great popular Left Wing movement was surging through France, catching up in its momentum hundreds of thousands of people who were not usually politically-minded. The cautious Premier, Laval, who as usual had his ear to the ground, disarmed the Fascist leagues in December, but it was too late to save the ministry. At the general election of May 1936 the Left Wing parties won a great victory, and a Popular Front coalition came into power under the leadership of a Socialist intellectual of aristocratic Jewish lineage, M. Léon Blum.

*The Popular Front.* Blum came to power at the worst possible moment. Italy had just completed the conquest of Abyssinia, Hitler had

just defined Locarno by marching into the Rhineland, civil war was about to break out beyond the Pyrenees. In France itself, impatient laborers were taking the law into their own hands by a wave of strikes of the "stay-in" variety in the automobile and other factories. Blum could hope for little success in the international diplomatic field, but he took advantage of the internal unrest to launch a program of sweeping social reform. He promised the French workers the forty-hour week, the right to make collective contracts, and annual holidays with pay.

These promises were sufficient to put an end to the strike wave. But when they were put into practice, somewhat tentatively, the effect was to force up industrial costs. Prices rose, the volume of production declined, unemployment increased. Capitalists, foreseeing a devaluation of the franc, hastened to send their gold out of the country.

To meet these setbacks Blum set in motion three further reforms. The first was to authorize the Bank of France to stop exports of gold, a step which was accompanied with a devaluation of the franc and a Three-Power Declaration with Britain and the United States in favor of monetary co-operation and the maintenance of world prices. The second was to recognize the Bank of France itself so as to bring that all-powerful financial institution under a measure of Government control. Hitherto the directors of the bank had been nominated by the two hundred biggest shareholders—members of the hated *deux cent familles* who between them held a great part of the directorships in the most important industrial concerns and had not hesitated to use their position in the bank to turn official financial policy to their own account. Blum's Act arranged for twenty Bank directors: nine of these were to be nominated by Government departments, six by the Finance Minister from lists sent in by Co-operative Societies, Trade Unions and Chambers of Commerce, and only two of the remainder by the Bank's shareholders—and these were to be elected by the total 40,000 shareholders, each having one vote, instead of by the two hundred families. The third reform was the nationalization of the arms industries. The great Creusot combine and the aeroplane factories were brought under Government supervision and the whole problem was tackled in a way that put Britain and the United States, with their Enquiries and Commissions, to shame. As Alexander Werth remarked in *The Destiny of France*: "The Popular Front will go down to history as the Govern-

ment which went a long way towards the total abolition of the private arms business."

In spite of these triumphs Blum's Government lasted hardly more than a year. Behind the breakdown were two causes, one general and one particular. In general, the social reforms led to a rise in the cost of living and a fall in industrial output, which the financial reforms might alleviate but could not altogether check. In particular, Blum's foreign policy antagonized the extremist sections and disappointed all sections of the Popular Front. His policy, put simply, was a *rapprochement* with Britain. In itself this would have antagonized nobody: there was general approval when Blum's ministry followed Britain's lead in stopping sanctions against Italy. But when, in August 1936, Blum actually took the lead in imposing an embargo on arms and war materials destined for Spain, the Left Wing raised the cry that the independence of Spain was being betrayed to international Fascism. Blum could not foresee, in August, that the Fascist countries would defy the Nonintervention Committee and take part on the grand scale in Franco's rebellion. On the other hand, he was bound to agree with the British view that interference in Spain would precipitate a European war. But the result was that by the beginning of 1937 Italy was in control of the Balearic Isles, and Germany had air bases in northern Spain and Morocco. Blum was blamed for this, and in February 1937 he resigned.

For the next two years the Popular Front remained in power under successive ministries, but each ministry moved a little further to the Right. The social legislation remained on the statute book, but no further progress was made. And every attempt to extend Government control over the financial agencies was sabotaged by French capitalists. The ruling passion in France in those years was fear of Hitler. When Hitler threatened Czechoslovakia in September 1938 the French, now led by Daladier and Georges Bonnet, abandoned their ally and fell back on a gigantic rearmament scheme to be financed by economies and cuts in the social services. The forty-hour week was set aside and employers were empowered to work their men up to fifty hours. In everything except name the Popular Front was dead. Security was once again the slogan of France.

## VI · FASCIST ITALY

ITALIANS emerged from the World War a defeated nation. They were defeated in battle, soundly and roundly put to flight by the Austrian army under the German General Mackensen at Caporetto in October 1917—a defeat which even their subsequent recovery when stiffened by British and American troops, and their triumph over an already dead Austrian Empire at Vittorio Veneto, could not efface from their memory. And they were defeated in negotiation by the Allies. That was the unkindest cut of all.

Italy had joined the War to win land. In 1914 she was tied by treaty to Germany and Austria, she was a member of the Triple Alliance, but the Central Powers would promise her nothing but part of the Trentino as the price of her arms. England offered a more substantial bribe: the Trentino and the Tyrol as far as the Brenner, Trieste and Istria, the Dalmatian coast all except Fiume, full ownership of Albanian Vallona and a protectorate over the rest of Albania, Adalia in Turkey, and a share of the Turkish and German Empires in Africa in the eventual partition. So Italy signed the secret Treaty of London in April 1915, and in May declared war on Austria. Prudently she postponed declaring war on Germany for another fifteen months, but otherwise she did not spare herself. She mobilized nearly six million men and lost 700,000 killed in battle. So she felt entitled to her promised reward. More than that, she felt entitled to Fiume. Wilson had promised self-determination: there were Italians in Fiume: therefore Fiume would determine to be Italian. But the Great Powers had other plans. Italy should have the Trentino to the Brenner, she should have the Dalmatian port Zara and the island Lagosto, but not the rest of the Dalmatian coast, not the Albanian protectorate, not much of German Africa, and above all not Fiume. Italian opinion was outraged; Orlando flounced out of the Council of Four in a rage; and all Italy was up in arms against their false Allies of the Paris Conference.

*A Frustrated Nation.* Italians felt themselves disgraced in the eyes of the world, swindled by their own politicians. War had cost Italy dear, draining her of money, saddling her with a budget deficit of over twelve thousand million lire, forcing up the cost of living. The political party in power in 1919 was pacifist, its leaders old and cynical. It is little wonder that Italians turned to violence. A crop of secret societies, blood-brotherhoods, terrorist gangs of every sort sprang up all over the country—in soil traditionally fertile for such growths. A group of fighters calling themselves Nationalists, under the most popular airman and poet in Italy, D'Annunzio, a fantastic little faun of a man, flew to Fiume in September and captured it in defiance of the Powers. They held the town till Christmas, their heads ringing like the inside of a bell with the clanging notes of old Roman Imperialism. Then Giolitti, the Prime Minister, sent a warship and drove them out. A group calling themselves by a new name, Fascists, that had been created in Milan in March, gathered force rapidly, and took over the thunder and the slogans of the Nationalists in 1920. Groups of Bolshevik-minded workmen fumed in the factories. There were scores of other groups pursuing private vendettas and individual objects here, there and everywhere in the peninsula.

At first it seemed as if no social order could emerge out of this chaos. At the elections constitutional parties always won majorities—the moderate Liberals under Giolitti, the moderate Social Democrats under Bonomi, the new Catholic Popular Party under the priest Sturzo, a really gifted politician. But the moderate parties were opposed to violence and were wedded to parliamentary methods. They were powerless against the terrorists.

Throughout 1919 strikes were common. In 1920 the strike movement grew, starting in the Carrara quarries, spreading to railway workers and printers, and culminating in September in the seizure by workers of six hundred factories involving half a million employees. The workers set up Soviets; but they lacked experience in management, they were deprived of raw materials and foreign markets, and at last, after seventy-five days of negotiations, they gave in and surrendered the factories to the owners. This was in reality the end of the Red Menace in Italy. In January 1921 the Communists split away from the Socialist Party. What the Socialists lost in strength the Fascists gained. Thirty-three Fascist

members, including Mussolini, were elected to Parliament in May. They were not united, they had no discipline. From all over the country news came of Fascist raids, bombings and assassinations, all pointless and unco-ordinated. Mussolini resigned his leadership of the party in protest against this indiscipline, but at a party congress at the end of the year he was reinstated, all Fascists agreeing to accept orders from him, *Il Duce*.

*The March on Rome.* It was at this moment that Fascism began to stand out as the focal point for the new Italy. Mussolini now declared himself to be a Monarchist. His movement claimed to be the defender of the nation against Bolshevism, and when the Reds made their last and very feeble fling in August 1922 the Fascists beat them up thoroughly and convincingly with their now familiar weapons, the bludgeon and the castor-oil bottle.

Now nothing stood between the Fascists and power except the Constitutional parties. As Cabinet crisis succeeded Cabinet crisis Mussolini laid his plans for a *coup d'état*. A massed "march" on Rome was timed for October 27, the anniversary of Vittorio Veneto, and squadron upon squadron of Fascists was moved into garrison in towns near the capital. When the day came Mussolini's lieutenants, de Vecchi and Grandi, called on King Victor Emmanuel. The Prime Minister, Facta, had no alternative but to resign, and when the Fascists refused to join a Cabinet under anyone but their own leader the King bowed to the inevitable: he invited Mussolini to form a Ministry. On October 30 the Duce arrived in Rome (it was no spectacular "march"; he came in a sleeping car from Milan). He formed his Ministry: fifteen Fascists and fifteen from other parties, with Mussolini as Minister for Home Affairs and for Foreign Affairs and Prime Minister. There was no fighting; the Fascist troops left Rome quietly in twenty-four hours — 50,000 of them — and were enrolled later in a national militia. The *coup* was complete.

Who was this Mussolini? He was totally unknown outside Italy, and not well known within. The outside world was not much reassured when they heard his record. Son of a village blacksmith, christened Benito after Benito Juarez the Mexican revolutionary, a firebrand Socialist in his young days, eleven times imprisoned; leader of an abortive *coup* in June 1914, during which "red days" twenty men were



killed; editor of the Socialist paper *Avanti* until November 1914, when he was expelled from the party for advocating war against Austria, then editor of the *Popolo d'Italia*, a paper directed by himself and founded, it has been said, with French funds; creator of the Fascist groups, leader of riots against the Socialists who had once been his colleagues — it was not a comforting record.

What did he stand for? Catholicism presumably, since he damned the Freemasons. Dictatorship evidently, since he bullied the deputies in Parliament and set up a Fascist Grand Council to initiate all legislation. But it was a hard question to answer, for no definite policy was visible beneath the froth of his speeches and proclamations. Not until 1925 did his positive policy begin to emerge. The intervening years were spent in wiping out opposition.

Terrorism continued throughout 1923, when isolated groups of Fascists were celebrating their victory by continuing bludgeoning and more forced doses of castor oil. In June 1924, the particularly brutal murder of a popular young Socialist deputy, Matteotti, united the democratic parties against Mussolini. A trial of strength followed: the Fascists turned their weapons on the constitutional parties, and by the end of the year — by the time that the Dawes Plan for Germany was being formulated and peace was settling down over Central Europe — all opposition to Mussolini had faded away.

*The Corporative State.* Now was the time to begin the real work of Fascist reconstruction of Italy. Mussolini had achieved power by force; he could hold it only if he succeeded in improving the economic condition of his people. Italy was a poor country; with two-thirds of her land mountainous and sterile she could not grow enough wheat to feed her population; with no substantial mineral deposits and no colonies rich in raw materials she had to rely on exports from foreign countries for the stuff of her industries — for coal, iron, petrol, and cotton. To pay for these imports she exported mainly wine, olives and fruit, leatherwork, woodwork and glass, the products of the traditional skill of Italian husbandmen and craftsmen. The exports were not enough to pay for the imports, and the balance was made up, before the War, in a rather humiliating way by the remittances sent back to their families by Italian emigrants, and by the money spent in the country by foreign

tourists. During the War the tourist traffic ceased, and after the War foreign countries had no more use for Italian emigrants. Poverty increased in Italy, and the resultant dissatisfaction was behind the strike epidemic of postwar years.

Mussolini's task was to make Italy self-supporting. Somehow agricultural production — especially of wheat — must be stimulated, somehow electric power must be developed as a substitute for coal, somehow the strike-bane which had frittered away the wealth of the nation must be stopped. The only solution was to establish some sort of central control over agriculture, industry, finance and labor, in fact over the entire economic life of the nation. Mussolini began by abolishing the old Trade Unions. In their place he proposed to recognize in each local trade one Syndicate of employers and one Syndicate of employees. By stipulating that anybody with 10 per cent of the workers concerned on its books might be recognized, and by giving recognition only to pro-Fascist bodies, he secured control over the whole trade. The Syndicates were both more and less than Trade Unions: less because none but men acceptable to Fascist headquarters might lead them, more because they had power to exact contributions from and to prescribe regulations of work-hours, pay, and discipline for all workers and employees, whether members of the Syndicate or not. They had no right of strike or lock-out; all disputes that could not be settled by arbitration must be referred to a Labor Court of Appeal, where the judges were appointed by Mussolini.

The Syndicates were intended to look after the interests of local vocational groups. To link up these local interests with the interests of the national productive forces as a whole, the Syndicates sent representatives to associations and provincial federations, and these latter to national Confederations. There were thirteen Confederations, one for the workers and one for the employers in each of the six branches of national production (Agriculture, Industry, Commerce, Inland Transport, Sea and Air Transport, and Banking and Insurance), and one for the liberal professions. The thirteen Confederations were represented in a National Council of Corporations which, as Mussolini said, "is to Italian national economy what the General Staff is to an army — the thinking brain which plans and co-ordinates."

If the National Council of Corporations was the General Staff, Mus-

solini was the Commander in Chief, with as his Chief of Staff the Minister of Corporations, a Cabinet Minister appointed by the *Duce* and responsible for the whole economic strategy.

Such was the corporative system outlined in the famous Labor Charter of 1927. The next step was to graft it on to the political constitution of Italy. On paper Italy was still a Constitutional Monarchy, with Prime Minister, Cabinet, House of Commons and Second Chamber, more or less on the English model. Between 1923-29 Mussolini had transformed this by a series of Acts which gave the Prime Minister almost absolute power: one Act made him responsible to the King alone, and therefore not removable by a vote of no-confidence in Parliament; another gave the Cabinet Ministers, whom the Prime Minister nominated, power to legislate by Orders in Council. The Second Chamber consisted of celebrities appointed for life by the Prime Minister. And the House of Commons was reduced to a mere debating court, for the power to initiate legislation rested in fact with the Grand Fascist Council. This Council, of which Mussolini was of course President, had been the power behind the throne since 1922, but it had had no part in the written constitution until 1929. Then at last Mussolini felt that the time had come to legalize its position. In May 1928 he passed an Electoral Reform Bill: the old system of electing members by constituencies was swept away: instead the Trade Corporations each submitted a list of names to the Grand Fascist Council, which deleted some names and added others and chose 400 out of the combined lists (of perhaps three times that number). The nation was then asked, in a general election, whether or not it approved this list. Having no alternative, the nation did approve. The 400 became the Corporate Chamber, the new House of Commons of Italy.

They had no power. The real political control rested with the Grand Fascist Council, which met in secret, and decided everything in the present and future policy of Italy. It even chose Mussolini's successor, or rather it chose three men from whom the King was to be asked to make a final choice on the death or retirement of the *Duce*. The Council consisted of the *Duce*, prominent Fascists, cabinet ministers and civil servants. And since Mussolini had proclaimed himself *Duce* and nominated, directly or indirectly, every official in Italy from the cabinet minister to the provincial *Podestà* (or boss), political control rested in reality with him.

*The Fascist Creed.* Such was the new Constitution of Italy, the dry bones of Fascism. How did these bones live? They lived by faith in the Fascist creed which was instilled into the people by every conceivable method of propaganda. The children were compelled to go to schools where none but pro-Fascists might teach. They were given no textbooks but those written in the Fascist spirit. They sat under Mussolini's portrait, and learned to spell out the motto on the walls: "Mussolini is always right"; they chanted in chorus the inspiring, and to foreigners surprising, line: "It was Italy that won the war at the battle of Vittorio Veneto." Outside the schoolroom they were mobilized in troops, the girls in Piccole and Giovane d'Italia, the little boys in the black-shirted Balilla, and the bigger boys of 14 to 18 in the Avanguardisti. There was no question of normal children not wanting to join these troops; all their sports and play-life were centered round them.

At eighteen they might be admitted to the Fascist Party. It was a great privilege; many applied, but few were accepted. Within the party and without they heard nothing but Fascist doctrine. All the newspapers were controlled by the party: they were all the same, the front page of each filled with verbally identical statements of Fascist policy and accounts of Fascist celebrations; the only difference between one paper and another was the serial story and perhaps the scraps of local news. All the university professors were Fascist in sympathy; in 1931 they were induced to take this oath: "I swear to be loyal to the King, to his Royal successors, and to the Fascist régime, and to observe loyally the Constitution and other laws of the State: to exercise the position of teacher and to fulfill my academic duties with the idea of forming industrious citizens, upright and devoted to the Fatherland and to the Fascist régime. I swear I do not belong to and never will belong to associations or parties whose activities cannot be reconciled with the duties of my office." Thus there was no chink in the armor of Fascist faith in which the young Italians were clad.

The Fascist creed may be summarized as follows: "I believe in the State, apart from which I can never attain full manhood. I believe the sacred destiny of Italy to be the greatest spiritual influence in the world. I will obey the *Duce*, for apart from obedience there is no health." This creed was expounded by Mussolini *ex cathedra* in a contribution to the *Enciclopedia Italiana*. He was particularly clear on

what Fascism is not. It is not internationalism: "all international creations (which, as history demonstrates, can be blown to the winds when sentimental, ideal and practical elements storm the heart of a people) are also extraneous to the spirit of Fascism—even if such international creations are accepted for whatever usefulness they may have in any determined political situation." It is not Socialism: indeed, it is "the emphatic negation of the doctrines which constituted the basis of the so-called scientific Socialism or Marxism: the doctrine of historic materialism, according to which the story of human civilization is to be explained only by the conflict of interests between various social groups and with the change of the means and instruments of production. . . . It also denies the immutable and irreparable class warfare which is the natural filiation of such an economistic conception of industry." It is not Democracy as Western nations understand it: "Fascism denies that members, by the mere fact of being members, can direct human society; it denies that these members can govern by means of periodical consultations; it affirms also the fertilizing, beneficent and unassailable inequality of man, who cannot be leveled through an extrinsic and mechanical process such as universal suffrage." And it is not Pacifism: "Fascism above all does not believe either in the possibility or utility of universal peace. It therefore rejects the pacifism which marks surrender and cowardice. War alone brings all human energies to their highest tension, and imprints a seal of nobility on the peoples who have the virtue to face it. All other tests are but substitutes which never make a man face himself in the alternative of life or death. A doctrine which has its starting-point at this prejudicial postulate of peace is therefore extraneous to Fascism."

It is easier to say what Fascism is not than to explain what it is. Mussolini was both too blunt a man of action and too clever a politician to attempt a definition in any but the vaguest terms. There is indeed no theory of Fascism; like capitalism itself it grew naturally, first in Italy, then in Germany and other countries, out of certain social conditions. The first of these conditions is economic crisis and moral despair, combining to fill all classes in a nation with disgust of the existing régime of parliamentary democracy. The second is the spread of Communism among the poor, causing a determination among men of property to defend their profits by force. Given those

conditions it is possible for a determined and ruthless Fascist party, drawing money from the upper class and fighters from the unemployed and despairing members of the lower middle class, to take over the machine of State. Once in power the Fascists must follow certain inevitable steps: first destroy the working-class organizations, secondly muzzle the organs of democratic opinion, thirdly guarantee the profits of big business by organizing commerce and industry on lines of monopoly capitalism, fourthly give employment to the workers and dividends to the shareholders by gigantic schemes of rearmament. The theory that emerges from these pre-Fascism conditions and post-Fascism practices is that man desires national unity more than liberty, and strength before toleration — national unity and strength being attainable only by the subordination of all activities to the State, whose will is interpreted by the Fascist leader or "pope" acting through the Fascist party or priesthood. As Mussolini wrote: "For the Fascist everything is the State, and nothing human or spiritual exists or, *a fortiori*, has any value outside the State."

*Church and State.* The Italians who adopted the Fascist faith so readily were also of course Catholics, brought up in the Catholic faith. Could the two be reconciled? Mussolini, in spite of what he said about war, believed that they could. Pope Pius XI for his part was grateful to Mussolini for suppressing Bolshevism and Freemasonry, and for restoring religious teaching in the schools. The existing relations between the Holy See and the Italian State were recognized by both sides to be absurd. When Italy became a united nation in 1870 the Holy See was deprived of its lands, and the Pope felt obliged to refuse to recognize the ruling House of Savoy and to consider himself "the prisoner of a usurping power." To put an end to this anomaly Mussolini opened negotiations with the Vatican in 1926, and at last, after discussions dragging over two and a half years, a Treaty and Concordat were signed in 1929. The Pope was recognized as the temporal sovereign of the Vatican State, a tiny walled city of a hundred acres and some six hundred citizens, and Catholicism was admitted to be the sole religion of the Italian State, which bound itself to enforce among its Catholic subjects the Church's laws regarding marriage and morals. In return "the Holy See declares the Roman Question def-

initely and irrevocably settled and therefore eliminated, and recognizes the Kingdom of Italy under the Dynasty of the House of Savoy, with Rome as the capital of the Italian State."

But the line between the things that are Cæsar's and the things that are God's is not to be drawn by a stroke of the pen. Within a few months after the signing of the Concordat, Church and State were in dispute again over the thing on which each set most store—the right to teach the young. The Holy See complained that the Fascists, by absorbing the Catholic Boy Scouts into the Balilla, were diverting boys to military training, and keeping them away from the services of the Church. At fourteen the children took an oath: "I swear to execute the orders of the *Duce* without discussion, and to serve with all my force, if need be with my blood, the cause of the Fascist revolution." The Pope declared with some reason that "takers of this oath must swear to serve with all their strength, even to the shedding of blood, the cause of a revolution which snatches the young from the Church and from Jesus Christ, and which inculcates in its own people hatred, violence and irreverence, without respecting (as recent events have proved) even the person of the Pope. . . . Such an oath, as it stands, is illegal." Mussolini replied by ordering the Societies run by *Azzione Cattolica* to be shut. Now *Azzione Cattolica* was a Church institution which organized recreation clubs for boys and girls, evening classes for adults, and social clubs for workers all over Italy; its suppression would mean the loss of a great part of the Church's educative influence.

Throughout the summer of 1931 the deadlock continued. At last a compromise was reached. Mussolini allowed *Azzione Cattolica* to re-open on condition that the youths' clubs confined themselves to religious instruction and did not continue to organize games or recreations. In other words, they were to abandon the side of their activities which made them most attractive to the young. The truce was a triumph for Mussolini: but he can hardly have imagined that it was likely to lead to lasting concord between the Fascist State and the Holy See.

*Economic Development.* Mussolini had set out to make Italy self-sufficient. He went a long way towards success. By 1932 Italy was pro-

ducing enough wheat to feed her forty million people; the *Duce* had stimulated production by land-reclamation, by wholesale manufacture of fertilizers, and by patiently training the farmers in modern methods. The dependence upon foreign control was considerably reduced by building hydro-electric generating plants, by distributing the current through a nation-wide grid system, and by electrifying many of the railways. The export trades were built up by commercial treaties with foreign Powers and by State-aid for industry; in one branch particularly — that of motor manufacture — Italy made a great name for herself and Italian cars enjoyed a reputation all over Europe as the most reliable products on the market.

The secret of this economic development lay in the central control over industry and commerce made possible by the structure of the Corporative State, in the centralization of finance under the Bank of Italy, and in a huge program of Public Works. There is a great deal to be said against heavy expenditure on Public Works, the main objection being that they are wasteful. Mussolini knew that, and disregarded it. His object was to make Italy an efficient, modernized State, and it was an object which Italians thought worth paying for. In the first decade of Fascist rule no less than 18,000,000,000 lire were spent on Public Works. This money went to quadruple the horsepower of electric plants, to build 6000 kilometres of roads, 11,000 schools, and 50,000 tenement flats; a million lire went on new aqueducts, and 1,617,000,000 on rebuilding ports. It cannot be denied that Fascist rule made the best of a bad job in rendering productive the poor land of Italy.

As the price of emergence as a Great Power the Italian people sacrificed what in democratic countries would be called their liberty. In 1938, sixteen years after the march on Rome, there was still no freedom of speech, no freedom of the Press. The Grand Fascist Council was still the supreme directing body of the State. An extraordinary Court — the Special Tribunal for Defence — established in 1926 for the trial of "anti-Fascist offences," still existed; its judges were colonels of the militia and higher military officers.

Meanwhile the Fascist Party itself had grown to a body of a million and a half men acting as a sort of semi-official police, besides a large Women's Contingent, and between two and a half and three million



children and youths. No other party, no political "Opposition" of any kind was tolerated.

The Fascist Revolution will have much to answer for at the tribunal of posterity, but it will be able to plead this in its defense: in place of the corruption and stagnation of prewar Italy, in place of the dissension and humiliation of postwar Italy, the Fascists put an Italy united and alert, as proud of her present as of her distant past, and intensely hopeful for her future. The first of all Fascist mottoes — "*Combattere, Combattere, Combattere*" — had carried her a long way. A score of years ago Mussolini wrote in his newspaper, "If the neutral attitude continues Italy will be a nation abject and accursed . . . the barrel-organ man, the boarding-house keeper and the shoe-black will continue to represent Italy in the world; and the world of the living will once more give us a little compassion and much disdain." The neutral attitude did not continue, and the Fascist attitude which took its place aroused varied reactions outside Italy; among them there was perhaps a little compassion, but certainly no disdain.

*Foreign Policy.* It was not to be expected that the other nations of the world would look with approbation on the Fascist revolution. Not only had Mussolini thrown over the system of parliamentary democracy which was accepted by the Powers at the Peace Conference as the last word in political organization, not only had he indulged in an orgy of bloodshed and bombast, but he had also shown every inclination to play an active part in international politics.

At the beginning of his "reign" he rapped the knuckles of Greece, insisting on a heavy indemnity for the murder of five Italians in Corfu, and shelling the island of Corfu — without reference to the League of Nations — until it was paid. He refused to accept the Allies' creation of a Free State of Fiume, and made a private arrangement with Yugoslavia, by which most of the province and part of the port became Yugoslavian, while Fiume itself went to Italy. He upset the Allies' creation of an independent State of Albania by lending its wretched inhabitants a sum which they could never hope to repay, in return for which they accepted Italian financial and military control.

All this did not matter very much. The Great Powers were not concerned about Greek knuckles; Fiume was not important now that it

was a port without a hinterland; nor could one feel much concern for Albania, a patch of mountains with less than a million inhabitants, and those the most barbarous in Europe. What did matter was Mussolini's attitude towards France.

There were a million Italian subjects living as laborers in France; the French Government wanted no Fascist interference with them. There were more Italians than Frenchmen in the French colony of Tunis; France was naturally alarmed at Italy's claims to extended territory in Libya and North Africa in general. Worst of all, the Fascists opposed the French policy of alliance with the Little Entente, which they called "a military alliance under a French general." Mussolini wanted to build up Italian trade with Yugoslavia and Rumania. The chief partner in the Little Entente, Czechoslovakia, wanted to preserve these markets for her own exports. And France backed Czechoslovakia. Denied a clientèle in the Little Entente, Mussolini turned to Austria and to Hungary. Now that there was no question of those Powers threatening Italy as a combined Empire, Mussolini was anxious to make what profit he could out of posing as their protector. Hungary was willing enough—it was gratifying to find someone who would sell her arms in these days when she was ringed round by enemies. Austria hesitated at first, remembering the brutal way the 250,000 Austrians in the South Tyrol had been deprived of their language and "Italianized" by force, but when her Catholic rulers found themselves threatened by Prussian propaganda as well as by Viennese Socialism, they were not sorry to accept the support of Catholic Italy, and to let the Heimwehr be organized on Fascist lines.

Mussolini's relations with France, however, remained friendly on the surface, and in 1928 the two nations signed an agreement regulating their rights in the free city of Tangier. On the surface, too, he made his contribution to the achievement of collective security by international agreement. He supported the cancellation of Reparations and war debts; he advocated the entry of Soviet Russia to the Comity of Nations; he favored the limitations of armaments—though he insisted that Italy should be as strongly armed as any Great Power, and it must be remembered that before the Fascist régime Italy did not rank as a Great Power.

But below the surface the unabashed militarism of Fascist Italy

remained a real menace to the peace of the world. Mussolini developed the armament factories, and stiffened the army with shock troops from the Fascist militia and with an annual levy of some 200,000 conscripts — young men who were drafted into the army for short terms on reaching the age of twenty-one. He encouraged General Balbo to organize an impressive Air Force of 1500 fighting planes, and he developed the submarine arm of his fleet, going so far as to claim naval parity with France. There was nothing to make anyone believe, considering Mussolini's contempt for pacifist principles, that this expenditure had been undertaken merely for defensive purposes.

Italy lacked iron, coal, oil, cotton and the other necessities of an industrial nation. These she had to import from foreign countries or from their rich colonies. Italian Somaliland, Eritrea and Libya were anything but rich. The treaty of London had promised her a share in German Africa, the Treaty of Sèvres had promised her Turkish Adalia and Smyrna, but neither promise had been fulfilled. And Italy was the only major Allied Power not to be given some colony of an enemy Power as a Mandated Territory. Here lay Italy's greatest grievance, which Mussolini determined to raise to a *casus belli*.

The immediate object of his ambition was Abyssinia, a vast ill-federated Empire lying behind Eritrea and Somaliland, reputed to be rich in all the fuels and raw materials which Italy most lacked. "The conquest was planned as early as 1933: in that year," writes Marshal de Bono in his memoirs, to which the *Duce* contributed a preface, "we began to consider what practical measures must be taken in the event of war with Ethiopia . . . The equipment of Eritrea . . . had to be multiplied a hundredfold, and not by an indefinite date, but within a very brief space of time specified and established almost as a dogma — October 1935."

Mussolini can hardly have imagined, back in 1933, how favorable circumstances would be in the autumn of 1935 to his war of conquest. The story of the war we will relate in the section on Africa, and the circumstances and diplomacy surrounding it in the section on international relations at the end of this book. Suffice it to say here that Italian troops invaded Abyssinia according to program on October 2, 1935, and annexed the Empire to the Italian crown in May 1936.

Having set his foot on the ladder of aggression Mussolini never

looked back. It did not matter that thousands of Italian boys had died of tropical diseases under the Ethiopia suns and thousands more under the mercifully primitive Ethiopian arms; it did not matter that the resources of a poor country were being diverted more and more every year to the maintainance of armaments which only the richest nations like Britain or the United States could sustain without hardship: the unforgotten glories of the ancient Roman Empire had to be revived, Italian control of the Mediterranean had to be won. Thus the next field for Italian ambition became Spain.

## VII · THE QUICKENING OF SPAIN

A HISTORY beginning with the year 1918 is bound to be misleading. It must inevitably give the impression that the changes and chances of this wicked world were caused by the war. Actually of course they were the outcome of causes lying much farther back in history, causes which the war did no more than precipitate. The truth of this can best be illustrated from the history of a neutral nation.

Ever since the sixteenth century when she was the mistress of "the Empire on which the sun never sets," Spain had been in decline. She had exterminated her middle class—the Jews and Moors who were building up her commercial prosperity; she had sterilized her most promising sons by ordaining them to a celibate priesthood, and she had expatriated her most energetic by sending them abroad on the impossible errand of holding together an overgrown Empire. Consequently the Enlightenment which brightened the rest of Europe in the eighteenth century left Spain in the dark, and the democratic revolutions of the nineteenth found but the faintest echo in the Peninsula. That echo, though faint, was persistent. Half a dozen times Spaniards in need of some degree of self-government succeeded in imposing a Constitution upon their Bourbon-Habsburg sovereigns. Once they expelled a monarch—the disreputable Queen Isabella—and elected a constitutional ruler, Amadeo of Savoy; and when Amadeo proved a failure the Cortes (Parliament) voted a Republic. But the Republic could not raise money to pay its servants and it was opposed by the very classes who should have been its most staunch supporters: by the Catalans who wanted autonomy, and by the peasants who wanted land. In December 1874 it collapsed after a brief and inglorious existence of twenty-two months.

*The Monarchy: Its Friends and Enemies.* The Bourbon-Habsburgs were restored in the person of Alfonso XII. There was a Constitution, of course: the King must govern through his ministers who were

responsible to the Cortes; but the elections of the Cortes were invariably faked by every method known to Spanish ingenuity—false returns, intimidation, bribes, miscounts and the rest. When Alfonso's posthumous son reached the age of sixteen and took the solemn oath to keep the Constitution, in 1902, Spaniards hoped for better things. But Alfonso XIII had been brought up among priests, soldiers and nobles, and knew no other friends. These three forces of Church, Army and Nobility were enough to keep the rest of Spain in subjection. The Church had quite peculiar privileges: besides being the largest landowner and the richest corporation in the kingdom, it had control of the whole educational system; it took its educational duties seriously, but not half the men and women of Spain were taught to read or write. The Army too held a peculiar position: when the Spanish-American War of 1898 ended in the loss of the last of the Spanish overseas Empire, the officers were maintained as a privileged caste in Spain. The military budget was increased and most of it was spent on officers' salaries—one member of the army in every seven was an officer. As for the nobles, or landowning class, they had almost feudal rights; they might arrange the terms of their leases to farmers and might cultivate or neglect their estates as they chose. Many of them were content to develop their land just enough to secure an income for themselves and in total disregard of the welfare of the community in general and of the laborers in particular; on some of the great estates peasants worked for nothing but their keep, and on most for no more than three pesetas a day.

In spite of these formidable allies the old régime was not in a secure position. Its enemies may be divided into three groups. First there were the intellectuals, the leading university professors, who to Spaniards—the people of all the world most susceptible to the sway of ideals and the spell of personality—assumed the proportions of national prophets. Miguel Unamuno, the patriarchal Rector of Salamanca University, and José Ortega y Gasset, the young professor of metaphysics at Madrid, led an intellectual renaissance which went far to open the eyes of the younger generation to the possibilities of a nation united in spirit and strong in liberal institutions. Secondly there was the force of regionalism. Racially Spain is not a united nation: the Catalans of the east and the Basques of the northwest, to name

only two minorities, have each their own language and traditions, distinct in every way from those of the Castilians of Madrid. They would long ago have followed Portugal into independence, were they not economically dependent on the great Castilian plateau. The Catalans had actually been promised autonomy in some of the early Constitutions, but promises had been followed by repression and repression by increased antagonism; it would need heavy concessions by Alfonso XIII to make them loyal subjects of Madrid. Thirdly there was the Labor Movement. Strictly speaking it was not a movement at all, for the workers were striving in so many different directions that their efforts led to a state of high tension but to no progress at all. Some were Syndicalists wanting government by great corporations of workers and peasants, some were Socialists wanting a Central Government owning the means of production, a few were Communists and a great many were Anarchists. What the Anarchists wanted it is difficult to say: they talked of abolishing all coercive authority, and acted by murdering employers and ministers and attempting the murder of Alfonso. At the root of their creed was a passionate individualism and a contempt for all the mass-produced conveniences and comforts which make up the material civilization of the West. The Syndicalists were strongest among the iron workers of Bilbao and the textile and other operatives of Barcelona; they ended by making an alliance with the Anarchists and forming a "National Confederation of Labor." The Socialists were strongest in Madrid and had the Trade Unions and the "General Union of Workers" behind them. The Communists were strong nowhere.

Such was the condition of Spain in 1914: a poor, sparsely populated country owned by conservative landowners and capitalists, taught by a conservative Church, policed by a conservative Army, and threatened by radical professors, regionalists and bitterly divided workers. The strength of the Monarchy lay in the fact that its allies were united and its enemies not.

When the World War broke out Alfonso did a thing for which he deserves the praise of posterity: he kept Spain neutral. He had every excuse for declaring war on either side; his mother was Austrian and his wife English; a court faction wanted war against the Allies, and the intellectuals wanted war against the Central Powers — Unamuno,

Ortega, a young playwright and civil servant called Manuel Azaña and others even sent a delegation to Paris. But Spain remained neutral, and made a fortune out of it. Orders flowed in from every country, Spanish industry under this sudden stimulus organized itself on modern lines, employers became millionaires, employees had a first intoxicating taste of high wages, and Spain emerged into the postwar period in a state of most enviable prosperity. The war had given her a favorable trade balance, had quadrupled the gold reserve in the Bank of Spain, and had enabled the Government to wipe off most of its external debt. Nor did the boom end with the war; Spain enjoyed a full share of the general boom of 1919 and 1920.

The unexpected prosperity upset the delicate social balance of Spain. Sudden industrialization led to a vast increase of labor unrest. Strikes broke out all over the country; in 1917 a most serious strike was followed by the arrest of the leaders, who were condemned to perpetual imprisonment, but so great was the public outcry that they were liberated and at the next elections were triumphantly returned to the Cortes. In 1921 when a slump came, and foreign orders fell off and workers had to be dismissed and wages cut, the unrest became critical. Alfonso saw only one way out, the old way so dear to mediæval monarchs: a small war against an insignificant neighbor, a military expedition which would divert public attention from internal troubles. Alfonso's plan was for a sudden offensive against Abd-el-Krim, who was leading a revolt of the tribesmen of the Rif Mountains against the Spanish conquest in Morocco. He took a personal part in planning the offensive, appointing a subordinate general, Silvestre, to command it and corresponding directly with him over the heads of superior officers. A magnificent expedition made its way into the Rif Mountains in the summer of 1921. And in July, at the battle of Anual, it was routed by Abd-el-Krim, routed and disgraced beyond any hope of concealment; ten thousand Spaniards were killed, fifteen thousand taken prisoner, Silvestre committed suicide, and the whole equipment of the expedition was captured.

The scandal of this failure could not be hushed up; a Commission of Enquiry was eventually appointed and there seemed every probability that the King's responsibility for the *débâcle* must sooner or later be exposed. Alfonso kept his head. He knew that there was a Captain-



General of Catalonia who was anxious to make himself Dictator. Primo de Rivera, the Captain-General, was popular with the moneyed interests in Barcelona for his suppression of anarchists (who had murdered 160 employers in that city alone in 1922-1923); he was popular with the Army; he had not been involved in the Rif episode. Alfonso quietly paved the way for a *coup d'état* by Primo de Rivera. He forced the resignation of the civilian Minister of War, Alcalá Zamora, he brought pressure on the Foreign Minister to leave Spain, he refused to allow the Cortes to meet. On September 14, 1923, Primo de Rivera proclaimed a Directorship—not a Dictatorship, that would be too crude, but merely the temporary suspension of the Constitution and the direction by himself of the governmental machine until better times should come. Then Alfonso accepted the *fait accompli*: the responsibility for the breach of the Constitution and for what was to follow would rest with the General, not with the Crown.

*Primo's Dictatorship.* Primo de Rivera made a most excellent Dictator. He was a big, bluff Andalusian, a talker and a worker and a leader, generous and shrewd and ignorant—the sort of personality most likely to appeal to an illiterate, hero-worshipping people sick of lobbying politicians and spineless government. He established himself as a national hero by avenging the disaster of Annual. In 1925 he made an alliance with France for a joint attack on the Rif; the French bore the brunt of the fighting and Abd-el-Krim surrendered (see page 335). Primo de Rivera could now turn to more constructive work. He helped the industrialists out of the slump by protecting their industries against foreign competition. He gave employment by lavish expenditure on public works, especially on roads and railways which improved the value of the agricultural estates whose products found new markets through the new transport facilities. He made a clean sweep of the old gang of politicians:

Men like the new Minister of Public Works, Don Rafael Benjumea, who for his expertise and enterprise in planning the great hydro-electric light and power scheme at Malaga had been ennobled as the Marquis of Guadalhorce, or the new Minister of Finance, Don Calvo Sotelo, were a novelty in Spanish politics. Given a very free hand in expenditure, the Minister of Public Works made the face of Spain the curious *mélange* that it is to-day of

mediævalism and modernism. Where one village conducts scientific agriculture with light and power from the high-tension supply of a hydro-electric plant that would be the envy of America or Russia, and the next keeps its Roman oil-lamps, its Iberian ploughs and its Moorish irrigation. Where donkey pack-trains patter over a network of speedways that are the joy of the foreign motorist, and the country people go to market, some in comfortably cushioned motor-buses and some on gaily caparisoned mules. Where oases of modern irrigation, afforestation and intensive cultivation adorn like jewels the naked beauties of bare *despoblada* and *arroyo*. The railways got new rolling stock and rails and ran to time. The ports were re-equipped and shipping delays reduced. The telephone system was extended and equipped with automatic exchanges. The ancient River-Guilds with their collective control of water rights were reorganized with Charters as Hydrological Confederations (1926), and led by the Confederación del Ebro extended everywhere enterprises for irrigation, electrification and sanitation . . . The financing of this national re-equipment was ably attempted and might have been achieved had the system survived. It was affected partly by exploiting the economic power of the State in monopolies; partly by pressure against tax evasion, especially in the land taxes (Decree, Jan. 1, 1926); partly by raising tariffs and prices, partly in the end by borrowing from foreign banks. For Spain's credit abroad was greatly improved by the initial success of the Dictatorship. And as the drain of the Moroccan War was ended and the debts of the new enterprises were not yet due the Budget that had been annually in deficit was nominally balanced in 1927.<sup>1</sup>

Between Primo de Rivera's Dictatorship and Mussolini's there are obvious parallels. In October 1923—a year after the March on Rome and a month after the Spanish *coup*—the General paid a visit to the *Duce*: "You are living through what we are living through," said Mussolini, "as we have lasted out you will last out." The methods which Primo de Rivera subsequently adopted might well be called Fascist. He created a party of young middle-class men, the *Union Patriótica*, which was not unlike the Fascist Party. In 1926 it became apparent that the General intended to supersede the Constitution of 1876 by a Corporative State. His Council of Ministers was composed of U.P. men and of two eminent soldiers. The Labor Law which he decreed in December 1926 strongly resembled the Italian Labor Charter of 1927, for it divided the trades and professions of Spain into twenty-

<sup>1</sup> Sir George Young in *The New Spain*.

seven potentially self-governing Corporations. He began to organize elections for a National Constituent Assembly, which was to consist of elected municipal deputies and provincial deputies and of nominated U.P. men, Government officials and "celebrities" from various walks of life. His foreign policy, too, showed the Mussolini touch, especially where the League of Nations was concerned. When there was a question of Germany's being granted a permanent seat on the Council, he claimed a similar right for Spain; and when his claim was refused retired from the League in a huff, for two whole years. Then he protested against the international régime of Tangier and managed to secure fuller Spanish representation on the governing body.

The parallel between the Spanish Dictatorship and the Italian was more obvious than real. Primo de Rivera's Government lacked the very lifspring of Fascism: the spirit of the nation was not behind it. It was a reconstruction, not a revival. At the very beginning it was popular with all classes because anything seemed preferable to the old gang; later it remained popular among capitalists and landowners because it put money in their purses. It never really captured the imagination of the people. The intellectuals opposed it, and the General replied by banning their newspapers, shutting their clubs, dismissing their leaders from the university chairs and exiling Unamuno and Ortega and others; when they returned they were avowed Republicans. The Catalans opposed it—the General had forbidden the teaching of their language in the schools and had lumped the Separatist leaders together with Syndicalists and Communists, as outlaws. The Army began to drift into opposition, sick of the Special-Constable rôle it was being made to play; there was actually a rising of the artillery corps against Primo de Rivera. The ordinary man soon began to hate the Dictatorship; he was spied upon, his letters opened, his telephones tapped, his whole life complicated by a hundred petty restrictions. Only the Church remained a staunch supporter of the General, and this support merely increased his general unpopularity. When he proposed to give the diplomas of certain Catholic Colleges the status of University Degrees there was such an outcry among undergraduates that the proposal had to be dropped.

The day of reckoning came at last. In 1929—the first year of the world slump—the peseta, weighed down by the public works ex-

penditure, began to fall rapidly; it was obvious that Spain was in for a financial crisis. The country was clamoring against the Dictator. The Army refused to pass a vote of confidence in him. And Alfonso realized that the time had come to drop the pilot. On January 28 he asked for Primo de Rivera's resignation; and the General, exhausted by eight years' herculean work, gave it.

Alfonso's immediate anxiety was to dissociate himself in every way from the policy of the Dictatorship. He announced that the Constitution was restored, and appointed new Ministers. But the new Prime Minister, Berenguer, was another General, and the people saw no difference between the Government of Primo de Rivera and the Government of King Alfonso and Berenguer, except that the latter was less efficient. The new régime was a failure, and its failure meant the fall of the Crown. For the first time the various radical elements in the community began to combine. The intellectuals, who now called themselves Republicans, came to an understanding with the Catalan Separatists in the summer of 1930: there would be a revolution and a Second Republic would be established with a Constitution giving home-rule to Catalonia. Then a third revolutionary element joined the conspiracy: in October the Socialist leaders signed a pact with the Republicans. Some of the younger Army officers were sounded: they seemed willing enough to join.

*The Revolution.* The revolution was timed for October 28, but news of it began to leak out in the Madrid papers and the Government ostentatiously organized resistance. The day was postponed — until December 15. Again there was a setback: three days before the appointed time a couple of officers in the Jaca garrison, unable to control themselves any longer, hoisted the flag of the Republic. They were arrested and, very properly, shot. Their fate discouraged other garrisons and on December 15 the Army did not "come out" as arranged, nor was there a general strike in Madrid. In the provinces there were strikes and riots in plenty but they were easily broken: sixteen Socialists were killed and nine hundred and fifty-two imprisoned. The Republican leaders were shut up in the Model Prison of Madrid. Here they formed a Revolutionary Council and drew up a basis for their projected republic — which came to be known as the "prison program." So general

was the support they received from outside the prison that the Government felt obliged to negotiate with them. It was arranged that "free" elections for a new Cortes would be held, to be preceded by equally free local elections. The prisoners were released and Republicans and Socialists joined forces, making it clear that a vote for one of their candidates at the municipal elections meant a vote for a Republic.

Now it was the Republican factions that were united and the Monarchist factions that were not. The results showed sweeping Republican gains in the towns. Alfonso shrugged his shoulders, and proposed to wait for the verdict of the Cortes elections. But events moved too fast for him. The Commander of the Civil Guard, General Sanjurjo, refused to be responsible for the loyalty of his troops. The Republican leader, Alcalá Zamora, announced his terms: the King must leave Spain on April 13. In the evening the Republic was formally proclaimed in Madrid, and at night Alfonso fled the country.

It was a strangely peaceful revolution. The Monarchists put up no resistance, the Army had already deserted the Crown and the Primate of the Church fled to Rome. On the revolutionary side there was no vindictiveness; the royal family was allowed to leave the country unmolested and the only people to suffer violence were the Jesuits and monks who had infested Spain under the patronage of the monarchy. Some two hundred church buildings were burned and gutted, but the Church escaped lightly, for not a single priest was killed. The Spanish people quietly elected the new Cortes to draw up the Republican Constitution, which would of course satisfy all complaints and establish Utopia for every class of the community.

*The Republic.* The Republican Constitution, which became law in December 1931, was a compromise. It was bound to be so, for the factions that had agreed to abolish the Monarchy could agree on very little else. The new Government was composed of Liberals of varying shades of opinion and of Socialists — the latter being in a minority. The Constitution contained many soundly Socialist precepts; it began with the declaration that "Spain is a workers' Republic" and went on to give special recognition to organized labor; it was also remarkably internationalist in tone, for it insisted (Article 7) that "the Spanish State will accept the universal norms of international law incorporating

them in its positive law," and added (Article 65): "All international agreements ratified by Spain and incorporated with the League of Nations, having the character of international law, shall be considered an essential part of Spanish law, which shall accommodate itself to them." But on the whole it was no more advanced than the German Constitution of 1919 and other postwar attempts to give expression to British constitutional practice. Legislative power was vested in an elective Cortes of one Chamber, to which the Cabinet was responsible; the President had a limited right of veto and no real power; a Tribunal of Constitutional Guarantees was set up to defend the rights of individuals and of regions. These regions were given the right to apply for a self-governing statute. In brief, the Constitution was to mean anything or nothing, according to the statutes which should subsequently be passed by the Cortes.

And here the trouble began.

The success or failure of the Republican Government would depend on its ability to deal with the three reactionary forces behind Monarchy and Dictatorship in Spain: namely, with the Church, the Army and the Nobility-*cum*-Capitalists. Now the members of the Republican Government were essentially moderate men, averse by temperament to violence and to extremes. Premier Alcala Zamora and Minister of the Interior, Maurer, were practising Catholics, and opposed to attacks of the Church, though their Socialist colleagues wanted to confiscate Church wealth. In October Zamora and Maurer resigned, the former to be mollified with the decorative and powerless position of President of the Republic. It was left to the new Premier, Azaña, who was to prove himself a most subtle statesman, to work out a compromise.

The Church was deprived of the State grant for priests' stipends, and was forbidden to take part in trade. But the Religious Orders were not expelled, and most of them continued their work unmolested. Even the Jesuits, who were most generally loathed, were not seriously persecuted; their Society was declared "dissolved" and property worth six million sterling was confiscated, but most of the three thousand Jesuits stayed in Spain, and fourteen million pounds of theirs, which was invested in private persons' names, was not touched. The reason was that the Republic needed their services: a colossal educational

program had been launched, and until tens of thousands of new teachers could be trained, the Jesuits must be allowed to carry on teaching in the schools.

The Army in 1931 consisted of 100,000 men with one officer for every six men. Azaña's scheme was to give generous pensions for early retirement, and thus nearly half the officers were removed from the active list. These Generals, Colonels, Majors and Captains, taken from the service in early middle age, spent their retirement in plotting against the Republic. Those who remained with their regiments had no encouragement to be loyal to a régime that openly regarded their work as useless and the whole Army as an antisocial force.

The problem of the capitalist class proved equally insoluble. Over half the land in Spain was in the hands of 50,000 of the larger landowners; one fiftieth of the land was divided between 1,250,000 smaller peasants, and the landless agricultural workers numbered over 2,000,000. The Government was expected to confiscate the great estates of the south and to allow the peasants to take possession. But this would have meant disorder and bloodshed, and the new peasant holdings would have been unworkable until the Government could provide the smallholders with seed, implements and means of communication. This would take years. Meanwhile, the Government's policy must be to discourage confiscation, while leaving large landowners in no doubt of their ultimate eviction. In the same way industrial capitalists were antagonized without being dispossessed. The Republic nationalized the railways, brought the Bank of Spain under Government control, passed an unenforceable statute insisting on an eight-hour day, provided sickness and accident insurance, and set up mixed juries of workers and masters to settle terms of employment.

The result of all this was that the forces of reaction were turned into implacable enemies without being deprived of power. It would have been inhuman to expect the bishops and Jesuit priests not to use their pulpits and schools to make propaganda against the anti-clerical Republic; inhuman to expect the Army officers not to use their leisure to plot against a Government that despised them, inhuman to expect capitalists not to put their resources behind agencies that were working to overthrow all Socialist elements in Spain.

While the Republican Government failed to disarm its enemies,

it also failed to win the combined loyalty of its friends. At the time of the Revolution, an independent Catalan Republic had been proclaimed by Colonel Macia. This was all very well for the cultural aspirations of Catalans, but it would not help them to earn their daily bread: their capital, Barcelona, was the industrial capital of Spain, and they were economically as dependent upon Madrid as Madrid on them. A compromise was reached in September 1932, when the Madrid Cortes conferred upon Catalonia the status of Generality, with its own parliament, executive council and president. No one imagined that this was the end of the separatist trouble. The Catalan question was bound up with the whole regionalist problem, and the solution, which seemed so simple on paper, — an Iberian Federation, consisting of Castile-and-Andalusia, Catalonia-and-Valencia, the Basque provinces-and-Santander, semi-Portuguese Galicia and Portugal, — was still very far from realization.

Finally, the Republic failed to win the loyalty of the labor movement. The workingmen, who had expected a new heaven and a new earth to follow the overthrow of Alfonso, were disillusioned to discover that conditions under the new régime were not materially different from those under the old. Members of the Anarchist Party, whose motive force came from a deep-seated dislike of modern centralization in all its forms, went into open opposition to the Government. In the villages the Anarchists wanted self-government on a basis of village self-sufficiency; in the towns they wanted self-government on the basis of a workers' syndicate to take over the running of each industry. In both they found themselves opposed by Azaña's moderate policy; and their dissatisfaction found vent in serious anarcho-sindicalist risings in Catalonia and Seville, which were put down only after serious bloodshed.

*Reaction 1933-1935.* The Revolution of 1931 was made in the name of liberty by Liberals and moderate Socialists — the former thinking of spiritual liberty, the right of all men to education and the free expression of opinion; and the latter of economic liberty, the use of means of production in the interest of all rather than in the interest of individual owners. If the Revolutionary Government had taken a really firm line in 1931 and 1932, it could have put the Church out of



action as an enemy of spiritual liberty and expropriated the industrialists and landowners. Rightly or wrongly, Azaña and his followers felt that such coercion and the bloodshed it would entail were not justifiable in the cause of liberty. They preferred to go on steadily but slowly with their program of reform, trusting to the patience of the populace to keep them in power until the reforms were completed.

Popular support usually goes to the party which promises quick returns. A formidable alliance sprang up to fight the Government at the elections of autumn 1933. It called itself "the Anti-Marxist Coalition," or CEDA, and consisted of a strong Agrarian Party led by Gil Robles and standing for "the preservation of landed property and the defense of the Catholic religion"; the Navarese Nationalist Party, which had been created by priests in the nineteenth century and had always wanted to see a (Carlist) branch of the royal house ruling Spain; and the so-called Radical Party, led by the financier Lerroux, which had the support of bourgeois, capitalist interests. This alliance won a majority at the elections and Lerroux became Prime Minister. His policy was simply to sabotage and gradually to abolish Azaña's reforms.

From the beginning of 1934 onwards, Spain was drifting towards civil war. The union of the Right Wing parties in CEDA and the announcement of Lerroux' reactionary policy led to a combination of all Left Wing parties in a Popular Front vowed to defend the early Republican legislation, by insurrection if necessary. This threat led to the resignation of Lerroux in April, but his successor, Samper, was every whit as antagonistic to the Left. In the course of the summer the Catalans joined the Popular Front: they had passed a Bill against landlordism, permitting peasants to buy their land after eighteen years of continuous cultivation, and this had been overruled by the Madrid Tribunal of Constitutional Guarantees. In September the Popular Front was completed by the entry of the tiny Communist party.

There was insurrection in the air when the Cortes reassembled on October 1. Nothing could have averted it except wholesale concessions. The Right refused to yield an inch. Samper resigned to make way for Lerroux again, and the latter threw down the gauntlet by adding three Catholics to his Cabinet. The challenge was accepted: on October 5 riots broke out all over Spain, reaching their climax in Barcelona

and in the Asturias. But the Army, as might have been expected, remained loyal to the Lerroux Government. The Asturias revolt was put down with terrible violence, with the help of Moorish troops. The gaols were filled with 30,000 political prisoners.

The Left Wing leaders retired to lick their wounds, and to contemplate the Catholic Capitalist Government cutting the claws of the legislation of the Liberal-Socialist Constituent Assembly of the Republic. Their insurrection had failed; it remained for them to try to win through constitutional methods. In this they had considerable success. So widespread was the disgust aroused by the Asturias suppression that at the elections of February 1936 the Popular Front won a great victory, securing 270 out of the 470 seats in the Cortes (though this proportion greatly exaggerated the majority of the actual number of votes cast).

*Civil War.* The new Government, which was headed by Azaña, included not a single Socialist or Communist minister: it was moderate and liberal in complexion. But now the Left Wing forces that had voted for it in such numbers were determined not to let Azaña take the gradualist line of his first ministry. On estate after estate peasants mustered and calmly marked out strips which they proposed to occupy themselves. In city after city convents were robbed and churches burned as a protest against clerical reaction. In Madrid and Barcelona gangs of terrorists seized Right Wing leaders and executed them.

Before the Government could keep pace with this pressure by wholesale social reforms, the Right struck. As long as Republicanism had meant nothing but talk and statutes, the Right had been content to resist by constitutional means; now that it obviously meant business, the Right turned to insurrection. Throughout the spring and early summer the rising was planned. Negotiations were made for foreign help (see page 446). Most of the Army leaders were in the plot, including Goded, Mola, de Llano the Andalusian, and Sanjurjo. The Catholic hierarchy was at least cognizant of it. The richer capitalists were behind it, especially the Majorcan multi-millionaire Juan March. At last, when Calvo Sotelo, the ablest of the Right politicians, was murdered in Madrid, the signal was given to unleash the dogs of war.

On July 17, General Francisco Franco arrived in Morocco by airplane from the Canaries and took command of the Moorish troops and of the Spanish Foreign Legion in Africa. On July 19 his first detachments landed in Andalusia, and on the same day military insurrections broke out in every big garrison town in Spain—in Seville, Toledo, Burgos, Valladolid, Corunna, Madrid and Barcelona. Everywhere the insurgents were successful, except in the two latter cities where the police and civil guard were too strong for them. Every munition dump and all the considerable armaments in Spain, except part of the Air Force and of the antiquated Navy, were in the hands of the insurgents. Everything pointed to an immediate victory for the forces of reaction, which had so often gained their ends by similar means in the last century of Spain's troubled history.

But this time history failed to repeat itself. Azaña's Government took the momentous decision of calling on the masses, the undrilled civilian masses, to resist the insurgents by the force of their bare fists—by tooth and nail, hammer and sickle, pistol and shotgun. And the Spanish masses responded. While Franco's troops overran Western Andalusia and marched north through Estremadura to make contact with the garrisons in Burgos and Saragossa and with the Carlists of reactionary Navarre, the masses in Madrid and Barcelona organized themselves for war and the villagers of eastern Spain seized the land which centuries of their ancestors' labor had made fertile.

Franco pretended that it was a war of Spaniards against Communists, but it was not: out of 473 members of the 1936 Cortes, only 16 were Communists. He pretended that it was a war of the faithful against infidels: but the bishops of the Basque dioceses of Biscaya themselves led their flocks to resist the insurgents. It was an insurrection of the property-owning classes against the labor and liberal movements of the Spanish people. And it would never have attained the dimensions of a war at all, had not airplanes and armaments, credits and "volunteers," been put at Franco's disposal by the Fascist Governments of Germany and Spain.

With the international aspects of the civil war, with intervention and nonintervention, we shall deal in the concluding section of this book; here it is our business merely to describe the effects on Spain. At first, victory went to the insurgents. They made their headquarters

at Burgos, and by autumn were ready for a combined attack upon Madrid. The Government forces opposing them were almost without organization. The Anarchists, especially in Catalonia, showed a revolutionary spirit that was magnificent, but not much use in war. It was not until the International Brigade, scraped together from volunteers, exiles and refugees from all over Europe, showed them what discipline could do that they began to suffer themselves to be organized on military lines. In this the Spanish Communists, with their training in obedience, gave the lead, and the prestige of Communism of the Moscow brand increased as the war went on.

By the beginning of November Franco's advance guard was actually in the suburbs of Madrid. It seemed that the Government cause was lost. But on November 17, airplanes of Russian manufacture appeared to drive off Franco's German bombing planes, and Madrid held. The insurgent troops entrenched themselves while Madrid prepared for a long siege. Franco had to recognize that all hopes of a sudden victory were gone.

The first phase of the war ended that November, with the insurgents in possession of all western and most of central Spain except the Madrid area, Biscaya and the Asturias. The next step was to rely on Italian help to reduce Madrid. For this, it was necessary for Franco to secure control of more Mediterranean ports. Early in 1937 he captured Almeria and Malaga. The conquest of the latter was made memorable by a new use of airplanes, which were sent out to spray civilian refugees with machine-gun fire as they crowded the coast road in flight to Valencia. By March all was ready for the second offensive against Madrid. But now the Government army was better armed and better trained. The offensive broke down when the Italians were routed at Guadalajara in March.

This led Franco to change his strategy. The summer of 1937 was filled by a campaign against the Basque and Asturian Allies of the Government. The infantry attack was carefully prepared by a blockade from the sea, and by aerial bombardment of the cities and country towns. The object of the bombardment was not to attain military objectives but to terrorize the civilian population. The planes used were mostly German and the places chosen for destruction by incendiary bombs were villages such as Guernica which had special

sentimental and religious associations for the Basques. At last Bilbao fell, and the insurgents established themselves in the Basque provinces, which they made their base for the conquest of Santander and the Asturias.

All was now ready for the final attack on eastern Spain. For some reason this attack dragged on during the winter of 1937 and throughout 1938. The insurgents gained ground, driving a wedge between Catalonia and Valencia to the seacoast and gaining a foothold in the Catalonian province. But neither aerial bombardment nor blockade could shake Madrid or Barcelona. After two-and-a-half years of civil war the two biggest towns in Spain and whole provinces in the east, into which nearly half the Spanish population were crowded, remained loyal to the Government. At the end of 1938 the position was stalemate. Neither side could win without more support from abroad. The issue lay not in Spanish hands, but in the hands of the men who controlled the policies of the Great Powers.

Spain paid for her isolation from the World War by becoming the cockpit of Europe twenty years later. She paid for the moderation of her Revolution of 1931 by being plunged into a reign of terror in 1936-1938. Victory for either side would bring the great problems of Spanish history little nearer to solution. In the insurgents' ranks was jealousy between the Spaniards and their foreign allies, between the Carlists of Navarre and the Legitimists, between the orthodox Catholic-capitalist elements and the radical Fascist groups such as the Phalangists. Franco, though accepted as a dictator in war, could not hope to remain a dictator in peace. On the other side, the Government, if victorious, would have to reconcile Catalans with Castilians, Anarchists with Communists, and both with the middle-class liberal Socialist elements who still, in 1938, controlled the cabinet. Beneath the dark pall of suffering which covered the old Spain a new Spain was being born; no one in 1938 could foretell what its nature would be.

## VIII · THE DIFFICULTIES OF GREAT BRITAIN

THE history of Great Britain would be better understood if there were no maps; the seas which separate the islands from the continent give a misleading impression of isolation and self-sufficiency. Great Britain is more closely connected with the outside world than almost any other nation; economically she is the most dependent of the major Powers. She does not grow half enough food to feed her forty-five million inhabitants, she does not produce more than a fifth of the raw materials of her industries. The United Kingdom must buy food and materials from abroad, and there is no question of her relying solely upon the Empire — little more than half her imports come from imperial sources; she has to rely not only on the Empire but on foreign nations in Europe, Asia, Africa and America for the necessities of life.

To pay for food and raw materials Great Britain sells manufactured goods and minerals: cotton goods above all, then iron and steel, machinery, coal, woolen goods and chemicals. One person in five of the occupied population is working for the export trades, yet there are never enough exports to pay for the imports. The balance must be made up by performing services for foreigners — by shipping, by banking, moneylending and insurance work and by the investment of British capital overseas. The importance of these "invisible exports" can best be illustrated by figures: the Board of Trade estimated that in the year 1929 Great Britain's income from shipping was 130 million pounds, from short interest and commissions 65 million pounds, and from interest on overseas investment 250 million pounds.

This dependence on foreign markets makes Great Britain sensitive to every economic shadow that passes over the face of the earth. Smoke from a new foundry in China darkens the prospect for English ironworkers; the sinking of a new shaft in a Polish coalfield makes heavy the heart of English mine-owners and shippers; bankruptcy in Argentina or in Austria, in Russia or in Peru, means loss of dividends for English investors and loss of orders for English industrialists; and

empty pockets in Germany mean empty larders in England — for what Germans cannot buy some English manufacturers cannot sell and so must cut down expenses and dismiss workers. Great Britain is dependent on the outside world: her hope for the future is that the outside world should continue to be dependent upon her.

*Postwar Depression.* When the Armistice was signed no Englishman doubted that his country would resume her prewar position as the wealthiest of nations, the factory and the banker of the world. A wave of optimism swept over the country: buyers, releasing the tension of four long years, poured out their savings in indiscriminate spending: takings swelled and trade boomed. The optimism lasted for over a year, and then it began to be realized that all was not well after all. Men could not find work; in January 1921 there were over a million unemployed. Something must have gone radically wrong. In cold fact each of Great Britain's four great sources of revenue was drying up. Her exports were falling. Foreign countries had less need of British manufactured goods, they had begun even before the war to set up industries for themselves and the war had hastened the development; Japanese and Indians had built their own cotton mills, Australians were weaving the wool of their own sheep. There was less demand for British coal: Germany had just delivered two million tons to France by way of Reparation payment, and France not needing so much had sold coal cheap to Holland, the Scandinavian countries, and Italy — countries accustomed to buying from Great Britain. Shipping suffered with the coal industry: reduced coal exports meant reduced freights for outgoing British steamers. It is true that by confiscating the German mercantile marine the British had secured the luxury passenger traffic across the Atlantic (the German ships appeared under new names, as the *Berengaria*, *Homeric*, *Majestic*) but this meant loss of contracts for British shipyards; in 1921 two thirds of the men engaged in the shipbuilding industry were out of work. Britain had lost, too, many of her overseas investments; in Russia for instance the Bolsheviks had repudiated all debts incurred under the Tsarist régime and by 1921 Great Britain had given up hope of expelling the Bolsheviks by force. Finally, a great deal of the financial business of the City of London had been lost during the war to New York, which was fast becoming the banking centre of the world.

It was a sad situation, but nobody thought it very serious. Given time the world would shake down to peace conditions and Great Britain would return to her prewar supremacy. Lloyd George gradually withdrew the Government control over industry which had been imposed during the war, and then cajoled his Coalition into passing a few mild but startling reforms. He suggested some tariffs in the 1919 budget and in 1921 passed a Safeguarding of Industries Act to protect "industries indispensable in the event of another war" and to make it difficult for countries with depreciated currencies to sell goods in England. He made a commercial agreement with Russia whereby England swallowed her pride in the hope of making a little money out of trade with the Soviets; in this supper with the Devil England kept a long spoon, stipulating that the Soviets should refrain from propaganda against British capitalism. And he did something for the unemployed. Back in 1911 Lloyd George had adapted from Bismarck an insurance scheme by which the employees, the employers and the State each made a contribution to a fund out of which premiums were paid to men who failed to find work. The fund was adequate for normal conditions, but with the million unemployed of January, with the nearly two millions of July 1921, it could not deal; such figures seemed in those days fantastically abnormal. Lloyd George increased the State's contribution to the fund and so provided a pittance for insured workers for fifteen weeks of unemployment. This "dole," as it was unhappily called, was enough to keep the workers from starvation and from thoughts of revolution; but it did nothing to cure the basic diseases of England's economic condition.

By 1922 the Conservatives had had enough of Lloyd George. A brilliant opportunist of his caliber was the very man to lead the country through a war, but he was not in their opinion and in the opinion of Liberals in Asquith's following steady enough for a peacetime leader. They withdrew their support and a Conservative Ministry was formed backed by a strong majority at the elections of 1922.

*The Recovery of the City.* The Conservatives had a plan. In their view the first necessity was to restore the position of London as the banker of the world. Once that supremacy was re-established, and once English money was being invested profitably on the old scale in foreign



countries, the financial recovery of the country would be complete. Even the export trade would revive again, for the increased value of money would mean lower prices which in turn would lead to lower wages, and if the industrialists were paying lower wages they could sell their goods more cheaply abroad. As for the home market, it would need protection by tariffs from foreign goods turned out by too-cheap foreign labor.

It was an attractive plan, but things seemed to go wrong with it from the first. England owed a huge debt to the United States and was herself owed a huge debt by European countries. In 1922 it was hinted in the Balfour Note that England would excuse her debtors if America would write off England's debt. The United States declined to take the hint and in negotiations with Baldwin in the early months of 1923 fixed the English debt at £2200 million, which Baldwin agreed to pay off in installments of 3 per cent for the first ten years and 3½ per cent for the following fifty-two years. England had saddled herself with a huge debt to be paid largely by taxation, the weight of which would fall on industry, which would thus be put under a heavy and lasting handicap.

The Conservatives were not unduly depressed; this cloud had a golden lining. By agreeing to pay her American debt England had won back her reputation for stability and honesty. The next step was to return to the Gold Standard by bringing the pound sterling up to the same value in relation to the dollar as it had held before the war. This would mean heavy sacrifices, because England was not really as well off now as the United States. But it kept up appearances and the confidence of the world in the City of London returned. London was once more the world's banker.

*The First Labour Government.* Before April 1925, when the Gold Standard was officially re-established, Conservatism had suffered a setback. Baldwin had wanted to impose additional tariffs and felt that he should make certain first of the country's consent. At the elections of 1924 the Conservatives won 258 seats, the Liberals 157 and the Labour Party 191. Both the latter parties were opposed to tariffs, and because their combined strength was greater than that of the Conservatives Baldwin had to resign. A Labour Government came into power, supported by the Liberals.

It was a startling thing for aristocratic England to be ruled by a Labour Party, particularly startling for her Prime Minister to be Ramsay MacDonald, a Highland crofter's son who had been a notorious Socialist before the war and during the war a pacifist and an advocate of a lenient peace. But the Labour Party which he led was not Socialist in any Moscow sense; its support lay in the members of the Trade Unions, and they wanted to retain the capitalist system modified only by higher wages, shorter hours, State ownership of the railways and mines, and a levy on capital. Even these mild reforms MacDonald was not in a position to put through, for they were opposed by the Liberals and without the Liberal vote he could do nothing. The only remedy for the slump which he was free to apply was to lend money to Germany and Russia, so that those countries could afford to buy British goods. For the economic revival of Germany he secured the ratification by Parliament of the Dawes Plan. But public opinion was against his Russian policy, passionately against it. It was one thing to make money out of the Bolsheviks by trade, but to trust them to pay back British loans was quite another. A terror of Bolshevism, reminiscent of the Popish terrors of Stuart days, swept over England. MacDonald was forced to appeal to the country.

On the eve of the elections the Foreign Office produced a copy of a letter purporting to have been written by the Bolshevik leader Zinoviev urging Communists in England to preach revolution. This doubtful document was published with alarmist comments in the newspapers. The Trade Unionists were unimpressed, and returned 151 Labour members, but other electors saw red and, deserting the Liberals who had flirted with MacDonald and "Socialists," stampeded into the Conservative camp. Baldwin returned to power with a large majority over all other parties combined.

*The Strike of 1926.* The old problem still remained: how was England to get back her prewar sources of revenue? The return to the Gold Standard meant money for City financiers, but it meant hard times for the industrialists. England had agreed to pay twenty shillings for every pound she owed while other countries were paying a mere fraction of their debts—France for instance paid only twenty centimes in every franc. The money had to be found by taxation, which meant still

higher costs for English goods and still fewer orders from impoverished Europe. Yet there was an immediate necessity to reduce those industrial costs somehow. All sorts of methods were suggested, but only two seemed obviously practicable. The first was to cut down wages. In England wages were relatively high but not so high as in the United States, whose industrialists were none the less able to compete successfully with English producers. The second was to make English industry more efficient by reorganization. The great exporting industries were still organized on the individualist lines of the nineteenth century; in the Lancashire cotton business no less than 700 spinning and 1200 weaving companies were competing with each other, the iron and steel industries were antiquated in comparison with those of America and Germany, and the coal industry had to earn royalties and profits for 1400 independent coal producers, many of them operating mines too poor ever to be worked economically. Clearly there was room for reorganization.

The crux of the problem lay in the coal industry, where the owners were as strongly opposed to reorganization as the miners to wage reduction. In 1921 the miners had threatened a strike and the great Unions of Railwaymen and Transport-workers had agreed to stop work in sympathy with them. On that occasion a general strike was averted by Lloyd George's skilful dissuasion of the two Unions from their sympathetic strike, but the miners stopped work on April 1 and stayed out till July 4; the total cost of this stoppage to the State was estimated at £250,000,000. In 1925 the quarrel arose again. This time it was the owners who took the initiative by announcing a cut in wages to begin in July. Baldwin came to the rescue by granting the industry a subsidy (which was to cost £24,000,000) to carry it over until the following April, by which time it was hoped that the dispute with the miners would be settled. But it was not settled. A Royal Commission of inquiry was appointed; it reported that the mine owners were being paid too much in royalties and the miners too much in wages. The Government took no notice of the recommendation that the royalties should be nationalized, but supported the owners in demanding a 13½ per cent cut in miners' wages. The Trade Union Congress supported the Miners' Federation, and threatened a strike unless the mine owners gave in by May 3. The Government insisted that this threat should be withdrawn. A deadlock followed, and on the morning of May 4 the

strike began. Nearly one sixth of the working population of England, Scotland and Wales went on strike. It was not by any means a general strike — the workers in essential services such as sanitation, domestic lighting and retail food distribution stayed at work — but the situation was serious enough: with no dockers working and no trains running England would soon starve if food supplies could not be distributed from the ships in the ports, and with two and a half million workers on strike rioting might break out at any moment.

The marvel is that there was no fighting. Tanks were moved up to London and ships and soldiers were posted at strategic posts and 250,000 special constables were enrolled, but the strikers preserved a laconic good humor and awaited developments with hands in pockets. Soon it appeared that the Government held the whip hand. They controlled the B.B.C. and published a news-sheet. The public began to look on strikers as blackguards and on A. J. Cook, the miners' leader, as the devil incarnate. Of the other side of the case the public heard nothing. The middle class rallied to the Government in the spirit of Fascism at its best, and there was no difficulty in finding volunteers to unload the ships and run an emergency service of trains, lorries and buses. The strikers had everything against them, even the law: on May 6 Sir John Simon, one of the greatest lawyers of the day, declared that every workingman who went on strike was liable to be sued for damages and every leader "who advised and promoted that course of action was liable in damages to the uttermost farthing of his personal possessions," and on May 11 his opinion was confirmed in a judgment given by Mr. Justice Astbury that the strike was "illegal and contrary to law." And so on May 12, nine days after the strike had begun, the Trade Union Council gave in unconditionally. All except the miners went back to work.

In the general relief at the passing of a revolutionary situation it was forgotten that nothing whatever had been settled. The country had lost perhaps £150 million by the stoppage and, what was much worse, it had lost the opportunity of reorganizing its industries on lines on which every other manufacturing country had reorganized its industries since the war. As for the coal mines, they remained at a standstill until December, for the miners held out for seven months after their desertion by the Trade Union Council. Then they had to accept the reduced wage.

When 1929 and the time for a general election came, none of England's problems had been solved. The City of London was doing good business, speculating in a big boom on the New York Stock Exchange and in a little boom in dirt-track shares at home. Some new light industries established near London — wireless, gramophones, domestic appliances and the like — were flourishing. But the heavy industries which for a century had been the backbone of the country's wealth were stricken; "We do not see," said the Industrial Transference Board's Report for 1928, "how the heavy industries can give a living trade to those who are at present attached to them, or to all those who would normally look to them for a livelihood during the next few years." Over a quarter of the men normally engaged in mining and engineering were unemployed and a fifth of those engaged in shipbuilding. In all the last eight years the total of insured workers unemployed had never sunk below a million. In these circumstances it was strange that Baldwin should have chosen to fight the election on the slogan "Safety First." If safety meant stagnation, the industrial North at any rate was sick of it. The Conservatives were defeated, winning only 260 seats, to Labour's 287.

Ramsay MacDonald became Prime Minister at the head of a second Labour Government. But still there was no clear Labour majority; there were fifty-nine Liberals in the House on whose votes Labour was still dependent. The Government had to find money to keep the unemployed from starvation, money for the American debt, money to pay 5 per cent interest to holders of £2,000,000,000 of War Loan, and to find it by methods that would not offend the susceptibilities of Liberals. The task would have been difficult at any time, but in 1929 it was hopeless: in that year the economic depression which had been hovering over the world since the war deepened into a crisis.

*The Commonwealth.* Great Britain was in the doldrums. Her prestige abroad was high, but her position of most prosperous nation was lost to the United States. All efforts to revive export trade with foreign countries failed. There remained one other potential outlet: the Empire. The Dominions had shown a close sense of unity with the Mother Country during the war. There seemed a possibility that they might unite with Britain in a closer commercial connection by which their

raw materials would be given preference in British markets and British manufactured goods preference in the Dominions. Conservative politicians were enthusiastic over the idea. Austen Chamberlain's "tariff budget" of 1919 and the Safeguarding of Industries Act of 1921 made exceptions in favor of Empire goods, and though these preferences were repealed by MacDonald's Government they were restored and augmented by Baldwin between 1926 and 1929. But the Dominions had no intention of sacrificing their own interests in the cause of imperial unity. After all, the natural outlet for Australian wool was in the Far East, the natural outlet for Canadian wood-pulp, paper and fish was in the United States. And sentiment was increasingly strong against any close connection with Britain. The Dominions and even India sat as independent Powers in the League of Nations. They continued the practice begun during the war of meeting with British Ministers in Imperial Conferences, and from these meetings it emerged quite clearly that the Dominions would not let London dictate to them. At the Conference of 1926 a new formula was found to express inter-imperial relations: the Dominions and Great Britain "are autonomous Communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown and freely associated as members of the British Commonwealth of Nations." This very vague definition was confirmed with equal vagueness in the Statute of Westminster of 1931. It might have been expected that the Statute would confirm or deny the right of members to secede from the Commonwealth at will, but it did neither; in fact it recognized no official bond between members except the Crown, and that might mean anything or nothing, for the King being a Constitutional Monarch must rule by the advice of his ministers in Ottawa and Canberra as much as by the advice of his ministers in Westminster, and if the former were to advise the secession of their nation from the Commonwealth, presumably His Majesty could put nothing in their way.

English ministers were not distressed by the new official status of the Dominions. They counted on the military and commercial advantages which they could offer to hold those nations to the Mother Country. They counted without the possible spiritual disadvantages of that con-

nection. The Irish above all people (except the Indians) were conscious of those spiritual disadvantages.

*Irish Nationalism.* Since the twelfth century the Irish had been subject to raids from England. In the seventeenth century the north of the island was planted with English and Scots colonists. Later Cromwell and William III tried to force Ireland to become dependent upon England. In the nineteenth century Mr. Gladstone tried a new policy with the old object: the Irish were to be given Home Rule on the condition that they continued to provide England with the raw materials she so badly needed. The Home Rule Bill was still before Parliament when war broke out in 1914; it was postponed until the end of what everyone supposed would be a very short war. But when the seasons passed and there was still no sign of peace some Irish patriots grew impatient and determined to strike for liberty while England was occupied in other parts of the world. It was a mad, mad escapade, for the rebels were only a handful and though they proclaimed a Republic on Easter Monday, 1916, and defended themselves in Dublin Post Office for nearly a week, the rebellion was easily suppressed. The English executed fifteen of the leaders, including Patrick Pearse, the schoolmaster who had inspired the rising. They almost executed a lean crow of a man who gave his name as Eamon De Valera, but reprieved him because he had been born in America and it would not have done, in 1916, to have complications with Washington.

Nationalism smoldered on in Ireland; flared sullenly in 1918 when England extended military conscription to the Irish; and burst into conflagration in 1919. For three years the Republican Party led by De Valera was at open war with the English Black-and-Tans. Perhaps "open war" is the wrong phrase: it was a war of night raids, ambushes and surprises. The English could easily have blown Dublin to pieces, but it was not a question of destroying a city but of rounding up a few leaders like young Michael Collins, whom nobody would betray and who slipped through Black-and-Tan fingers again and again. At last, in December 1921, a delegation led by Arthur Griffith and Michael Collins came to London and negotiated a treaty with Lloyd George. Ireland, with the exception of the Northeastern Counties, was to become a Free State, with the status of a Dominion within the British Empire;

she was to have her own Parliament and there was to be no compulsory connection with England except that her ministers were to take an oath to the King and accept the King's nominee as Governor-General. Later the British said that five million pounds per annum were to be paid by way of annuities for land hitherto held by Englishmen in Ireland.

The delegation returned triumphantly to Dublin with the peace. To their astonishment De Valera and the Republican Party would have nothing to do with it: they insisted on complete independence. In vain Collins pleaded that the Free State Treaty gave them the substance of independence without the shadow of a republic. De Valera stuck to his point and a civil war followed between Republicans and Free Staters — between the very men who had done most for Irish Nationalism. The civil war did not end until 1923 when Arthur Griffith had died and Michael Collins had been killed in an ambush and fifty Republicans had been executed for treason. It was 1927 before the Republican Party agreed to recognize the Free State and De Valera and his party took their seats in the Dail.

From 1922 until 1932 the Irish Free State built up a moderate prosperity under the government of William Cosgrave. There were troubles over the boundaries of Northeast Ireland (which were so drawn as to cut one sixth of Irish territory and one third of Ireland's population out of the Free State), but for the most part relations with England were good. English companies built factories in the Free State, English money was invested in Free State concerns. The Cosgrave Ministry re-organized local government and harnessed the water power of the Shannon in an electric power scheme. Yet something was missing in the new Ireland; in February 1932 the Irish electors turned Cosgrave out and put De Valera in his place.

The policy of De Valera was what it had always been: the union of the whole Island under an Irish republican government free from any control by England. He held that the English might enrich Ireland physically but that their intervention was fatal to the spirit of Ireland, that the Irish are a Catholic agricultural people with a Celtic language and a glorious Celtic tradition, that English materialism and English industrialism break down the religious and traditional way of life of the Irish and make their language and their history meaningless. His first concern was to repudiate the treaty which had



made Ireland a British Dominion. He refused to take the oath to the King, he forced the resignation of the Governor-General and proposed and secured the appointment of a retired village grocer in his stead. Most serious of all, he withheld the five-million-pound land annuities.

The British Government was determined to bring De Valera to his senses. They put heavy import duties on Irish products. At first these duties played right into De Valera's hands, for they hit the very section of the Irish community which was most opposed to republicanism, the graziers whose big ranches De Valera was anxious to convert into tillage farms. He set about trying to make Ireland self-supporting by bringing pasture lands under plow, by growing enough sugar beet to satisfy domestic needs, by planting tobacco crops and encouraging manufacturers to set up factories in Ireland. He answered the English duties on Irish goods by laying equally heavy duties on English coal and manufactured goods.

All this meant short rations and tight belts for the Irish people. The English had been good employers, Ireland had never been prosperous enough to afford to throw away much revenue, and a customer as convenient and rich as England could not be found again. Why, asked the outside world, did the British Government not let Ireland go, why must they insist on that treaty of 1921? The answer is partly that the British, too, have their pride; partly that a future alliance between Ireland and a foreign Power might be dangerous to Great Britain; and partly that in 1929 Ireland bought five per cent of Britain's total exports and supplied four per cent of her imports—a contribution to British economy as great as that of Canada and greater than that of New Zealand.

As the British Government piled tariff on tariff, increasing numbers of Irishmen began to wonder if Nationalism was worth the price. Yet De Valera maintained his majority and went on his way undisturbed. On December 29, 1937, he secured the adoption of a new constitution, under which the Irish Free State that had been a British Dominion ceased to exist, and in its place a new independent state came into being officially entitled "Eire, or in the English language, Ireland." A new President was to take the place of the old Governor General, and Eire found a most suitable candidate for the Presidency in Dr. Douglas Hyde, the seventy-seven-year-old founder of the Gaelic League.

The British Government raised no official objections to the new con-

stitution, and the way was thus paved for a real peace between the two nations. The Anglo-Irish agreement of April 1938 settled three old disputes. First the annuities question was settled by Ireland's promise to pay ten million pounds in final settlement of all British claims. Secondly the defense problem was eased by Britain's undertaking to remove her troops from the ports of Berehaven, Cork Harbour and Lough Swilly. Thirdly the economic war was ended by removal of the special British duties on Irish produce and of the Irish retaliatory duties on British coal and manufactured goods. Only one major question remained outstanding, namely the position of the six counties of Northern Ireland. While they, with their 33 per cent minority of Catholic Nationalists, were under the rule of Protestant Belfast — a government created by British treaty and maintained by British force and British funds — it could never be said that Ireland had realized her ideal of Nationalism.

## IX · THE GREAT DEPRESSION

1929-1933

THE oddest thing about the world at the beginning of 1929 was the general mood of optimism that prevailed. Apparently a successful recovery had already been made from the greatest war in history. Germany was on her feet again, the newly created States had established themselves, nearly every nation had balanced its currency, machines were producing more goods, with less human effort, than ever before, Soviet Russia had launched a plan to lift her 160 million people out of mediæval squalor in five years, and the President of the United States was promising the immediate abolition of poverty. "In 1929," wrote Sir Arthur Salter, "while some countries had lost in relative position, the world as a whole was well above all earlier standards and seemed to be advancing at an unprecedented pace to levels of prosperity never before thought possible."

There was never a greater illusion. Within a short two years Germany was on the verge of revolution; new States had abandoned democracy for dictatorship; nearly every nation had a fluctuating currency; machines were idle and warehouses stocked with goods that no one could buy; Soviet Russia was in difficulties; the financial structure of the United States had collapsed; five South American republics had suffered revolutions; a war was brewing in the Far East; the corn harvest was being burned on the Canadian prairies, the coffee crop was being burned in Brazil; the trade of the world had dropped by one half.

What had happened? It is appallingly difficult to say. In the old days before the war the capitalist system had been subject to tidal movements — increasing prosperity rising to a boom, bursting and falling to a slump, after which recovery would gradually set in again. The slump of 1929 was one of these tidal movements, part of the trade cycle; at the same time it was more than that. The war had left a legacy of economic dislocation. First the frenzied rush to produce raw materials — especially rubber and cotton — led to overinvestment in those crops;

when they came to fruition and the increased produce was put on the market there was naturally a fall in prices, a slump. Second, heightened competition led to rationalization, scientific organization of industry to reduce costs, and this involved employing less workers; having less money to spend, the workers could not buy up the stocks of new goods and this too meant a fall in prices. Third the war upset the world's financial balance: war debts and reparations left the United States and France the creditors of the world; sixty per cent of the total gold supply silted up in the cellars of Paris and New York banks; quite simply, there were too many goods in the world and not enough money for the needy to buy them with.

The slump (and the crisis which ensued) was not confined to a country or to a continent; it was a world crisis. The story of its development is not easy to tell, for it was precipitated by no dramatic event; there is no pistol shot in Bosnia on which to raise the curtain, the whole world is its stage and every man and woman actors. It is a drama not of the conflict of personality or of ideals, but of the creeping loss of confidence, a creeping fear swelling to hysteria, sinking to cynicism and transmuting itself at last to a guarded hopefulness.

For clarity's sake, we shall confine ourselves in this chapter to Europe, leaving the rest of the book to account for the crisis in other continents and coming at the end to the steps taken to rise out of the great depression.

*The Slump.* As far as Europe was concerned, two things were wrong with the much-vaunted prosperity of the postwar decade. In the first place Europe had lost her monopoly of mechanical production. Countries like Japan, India and the British Dominions had learned during the stress of the war years to manufacture their own industrial goods instead of importing them from France, Germany and Great Britain. Countries like Canada and Soviet Russia were producing cereals with modern machinery and, in the case of the latter, with State subsidies; they could turn out grain at prices with which the peasant countries of Europe could not hope to compete. The people of Eastern Europe — Rumania, Bulgaria, Hungary, and to a lesser degree Poland and Yugoslavia — lived by exporting agricultural produce; costs of production here were high, particularly now when land had been

divided among peasants who were farming uneconomically small holdings by primitive methods and who were loaded with a heavy weight of debt to pay off the sums for which they had agreed to buy their land. Being unable to export on the old scale the Eastern nations were forced to buy less from abroad: they had to restrict imports by tariffs, and these restrictions weighed heavily on the industrialized nations of Europe who had looked to them for markets. The poverty of the peasant countries reacted on the rest. And the policy of tariff restrictions was given additional impetus by the inflamed nationalism of the new States which had sprung from the loins of the old Habsburg and Roman Empires.

The second thing wrong with the prosperity of the postwar decade was that Europe, as we have seen in Chapter III, was living on borrowed money. Between 1924 and 1928, Germany borrowed 750 million pounds from foreign investors. She was entirely dependent on this borrowing — without it she could not finance the industries whose profits paid the installments on her Reparations account. Under the Dawes Plan it was calculated that she had to pay 80 marks every second, 288,000 marks every hour for an unlimited period! In 1929 a new Reparations plan was evolved which did at least limit the period (to fifty-nine years) and fixed the total amount to be paid (at 25,000 million dollars) but in one respect this Young Plan was worse than the Dawes Plan: no remission of payment was allowed in the event of a fall in world prices. It was obvious that Germany could pay only if she could continue to command high prices for her goods and if she could go on borrowing capital from investors in the United States. Even before the Young Committee met, Americans had developed a blind faith in the future of their own industries and were investing their money at home rather than abroad. Then in October 1929 a catastrophe happened: stocks on the New York exchange suddenly slumped and investors lost most of the money they had paid for their shares. The collapse hit the world in its two weakest spots. It hit the borrower, for America could no longer afford to lend. Her investments in Germany, which had reached \$1000 million in 1928, dropped to 550 million in 1929, and in the last months of that year she began calling in her short-term loans from Germany. And it hit prices, for America — the richest nation in the world — could no longer afford to buy on the old scale;

and in 1930 she imposed the highest tariff in her history. World prices dropped and dropped until they stood at roughly half the level of 1928. This meant that every debt in the world was doubled: the village cobbler who owed five pounds and could have paid it off by making five pairs of shoes when the price was a pound a pair, now had to turn out ten pairs; the farmer who had paid the interest on his mortgage with a hundred bushels of wheat now had to pay two hundred.

It meant hard times for every debtor; for Germany, the heaviest debtor of all, it meant ruin unless she could persuade her creditors to lighten her burden at once. Unfortunately she no longer possessed the one statesman who might have succeeded in such persuasion; Stresemann had died at the early age of fifty-one in the very month of the Wall Street crash, and in the following month Briand, who had guided France into co-operation with Germany, fell and Tardieu became Prime Minister — Tardieu, who had condemned the framers of the Versailles Treaty for being too lenient.

The year 1930 opened gloomily for Germany. The anti-Republican parties — Communists, National Socialists and the rest — were becoming stronger and more strident every week. When the last Allied troops evacuated the Rhineland they raised a howl of execration against France, instead of making it an occasion for congratulation and peaceful overtures as Stresemann would have done. The new Chancellor Brüning, who was leader of the Catholic Center Party, in June advised President Hindenburg to dismiss the Reichstag and to govern by decree, as he was entitled to do in an emergency under Article 48 of the Weimar Constitution. Brüning hoped that decree-rule would keep Germany from revolution and screw economies out of her people until the Powers could be induced to withdraw their pressure. In his view Reparations were at the root of the whole crisis; if only the Powers would give Germany a breathing space by forgoing their claim to Reparations, bankruptcy might be averted and the Republic saved.

France was convinced that Germany was exaggerating her distress. When Brüning made the very reasonable proposal of a Customs Union with Austria as a step towards trade recovery, France forbade it peremptorily on the ground that any form of Austro-German union was contrary to the Versailles Treaty. The failure of the Customs Union precipitated a general financial crisis. In May 1931 the Credit

Anstalt, the greatest of Viennese banks, could no longer meet its liabilities. The Credit Anstalt owned 80 per cent of Austria's industries; its failure would mean national bankruptcy and the loss of every shilling invested in Austria unless foreigners came to her rescue with credits. Germany and Great Britain advanced money, but neither was in a position for almsgiving. A run on the German banks began: 26 million pounds was withdrawn from the Reichsbank in one week.

Now it was Germany's turn to face bankruptcy. The President of the United States had proposed to suspend Reparations payments for twelve months. The French delayed in giving their consent to this moratorium until June; and then it was too late. On July 13 the great Darmstädter bank failed and every bank in Germany had to be closed for two days. But the world had no eyes for conditions in Germany, for now it was the City of London that was in peril.

*Crisis in Great Britain.* The City of London is the world's banking center; it holds deposits for every country in the world. In the ordinary course of events there is no danger of a sudden simultaneous recall of many of these deposits. The City is safe in lending money to foreign countries for long terms, though most of the money in London is deposited for short terms. But in the crisis of 1931, when nearly every nation was feeling the danger of a run on its banks, nearly every nation began to recall its reserves from London. In July the Bank of England had to borrow 50 million pounds from New York and Paris, and by the end of the month that sum was rapidly disappearing. Early in August the Governor of the Bank felt obliged to ask the Government to borrow 80 million pounds more, declaring that without it the Bank would be unable to maintain its necessary reserve of gold. Ramsay MacDonald agreed, but then a difficulty arose: American bankers seemed unwilling to make the loan unless Great Britain undertook to balance her budget.

The Labour Government found itself in a quandary. In his budget of the spring the Chancellor of the Exchequer had gambled on an improvement in trade, but trade had slumped, and the Hoover moratorium had deprived Great Britain of 11 million pounds in Reparations payment, and unemployment figures had risen to nearly three million. What was worse, a Committee on Finance and Industry had exposed

(the Macmillan Report, July 14) the weakness of London's financial position, the vulnerability of a structure based on borrowing for short terms and lending for long ones, and a Committee on National Expenditure had declared (the May Report, July 31) that an economy of 96 million pounds should be made forthwith by wage reductions, and above all by cuts in Unemployment Insurance. So it came to this: the Labour Government must give less — much less — to the unemployed if it was to get the loan from America. MacDonald knew that his colleagues would not agree to reductions in the "dole," so on August 23 he resigned and the Labour Government was at an end.

Everyone expected that the King would now ask Baldwin to form a Conservative ministry. Everyone was wrong. The King received MacDonald in Buckingham Palace on August 24 and MacDonald emerged from the interview as Prime Minister of a nonparty Government. He formed a Cabinet of four Labour members, two Liberals and four Conservatives. It was called a National ministry, but this was a misnomer, for the Labour Party repudiated it and expelled MacDonald and his three colleagues from their ranks. It was intended to convince the world of the stability of Great Britain; but in this it was hardly successful, for the drain of money from the Bank of England continued. At last the fact became obvious that England could not go on paying her foreign creditors in full. On September 21, 1931, an Act was rushed through Parliament relieving the Bank of its obligation to give gold in exchange for notes.

Great Britain was off the Gold Standard. The pound sterling was no longer equal to twenty shillings' worth of gold. This was enough to plunge the exchanges of the world into chaos. Many countries had large deposits in London, held British securities, conducted their foreign trade largely in terms of sterling: there was no alternative for them but to follow Great Britain off gold. By the end of 1931 India, Norway, Sweden, Denmark, Finland, the Rhodesias, Austria, Japan, Portugal, Rumania, Chile, Greece, Siam and Persia had abandoned the Gold Standard.

In the last months of 1931 the world crisis reached its climax. Prices touched their lowest point, and in finance and commerce there was a maximum of dislocation. Everywhere, except perhaps in France, there was acute alarm; in many countries there was actual panic; and no-



where, in this dark winter, was there sign yet of constructive means for lifting the great depression.

*Dictatorship in Germany and Austria.* There is a limit to what any people can endure; by the beginning of 1932, Germans had reached that limit. They had suffered four years of war ending in defeat, then the Revolution, then the Inflation, then an excrescence of prosperity that had no roots because it was built on loans and no fruits because the industries in reorganizing themselves left two million men without work and the profits were owed to foreigners; and now bankruptcy, now a collapse that left half the young men between the ages of 16 and 32 without work and without the prospect of work. It is no wonder that the people of Germany were ready to rebel against the two forces which had brought them to this plight, against the Powers who had drawn up the Versailles Treaty to impose debt and humiliation upon them, and against the Social Democrats of the Weimar Republic who had given them liberty instead of leadership, profiteers instead of prophets, chaos instead of content. The only question was which party was strong enough to overthrow the Republic and force a modification of Versailles. The Communists still had a following among workingmen, but they seemed to want the prosperity for a class rather than for the community, and their international sympathies seemed insane to the generation of Germans which had known nothing but the hatred of other nations. The Nationalists too had a following, but they too stood for a class, for the prosperity of the eastern landowners and of the western industrialists. There remained only one possible savior for Germany: the National Socialist Party.

The history of the party is the history of one man. Adolf Hitler was born in 1889, the son of a customs official in the village of Braunau on the Austrian side of the Inn. He was left an orphan at twelve and went to Vienna, hoping to be given a scholarship at the Art School. He was rejected and drifted into casual labor, picking up a living as a builder's mate, as a house-painter, anything. The workmen despised him and he left Vienna for Munich. Luckily the war broke out and he found himself in the German Army, with comrades and a cause; he fought well and was made a corporal, decorated and honorably wounded, but when peace came he found himself back in

Munich, a penniless nobody as before. In 1920 he found a political group with six members and no program. Hitler became the seventh member and drew up a program in twenty-five points — anti-Jew, anti-profitier, anti-foreigner, anti-Weimar, anti-Versailles: to-day the points are the gospel of Nazi Germany.

The party grew; it appealed to the shopkeepers and young men of the lower middle class who were left in the cold by Bavarian Communism; some money was put up by Western industrialists who disliked Ruhr Communism; a few intellectuals joined the movement, notably Joseph Göbbels, a young doctor of philosophy of Heidelberg. Then Hitler had a stroke of luck; he fell in with the ex-Marshal Ludendorff, who offered to lead a march on Berlin in imitation of Mussolini's march on Rome. We have seen (page 31 above) how ignominiously this failed. Most of the leaders escaped (one of them, Göring, very narrowly — he was badly wounded and had to be carried on a stretcher over the mountains into Italy), but Hitler was arrested and condemned to five years' imprisonment, of which he was made to serve only a few months.

Any hope remaining on the part of the Nazis seemed to disappear when the Dawes Plan began to bring some prosperity to the German Republic. In May 1924 the party won 1,900,000 votes and 32 seats in the Reichstag; at the December elections it polled only 900,000 and had only 14 seats.

At those latter figures it stayed until the great depression brought new strength to enemies of the Republic. In September 1930 nearly six and a half million Germans voted Nazi. From this moment Hitler never looked back. His party had 107 seats in the Reichstag, an admirable organization centering on the Brown House at Munich, a considerable private army of ex-soldiers and unemployed youths, and a growing body of support all over Germany.

It is a wonder that any German could resist what Hitler offered at this time. A doctrine combining Nationalism and Socialism is enough to go to the head of any hungry and humiliated country. In place of the humiliation of Versailles and the stigma of war guilt Hitler taught that the Germans were the élite of the Aryan stock, the chosen people of the white race whose civilization the whole world was aping. In place of the rationalization of the Republic — which

had led to unemployment all over the land—he offered work to all classes for the common cause, work to build a third Reich more glorious than the Holy Roman Empire of the Hohenstaufen, more glorious than the second empire of the Hohenzollern. In place of the unsatisfying sex equality introduced at Weimar he offered the man his traditional position as head of the household and the woman hers with *Kinder, Küche und Kirche* (which would have the double advantage of removing women from the labor market and of increasing the birth rate). And he offered to all Germans an enemy, an enemy on whom the defeated nation could vent its desire for revenge: he offered up to them the Jews, the very embodiment of Communism, Profiteerism and Internationalism.

Meanwhile, Heinrich Brüning had antagonized every class by piling on taxes in the attempt to meet Germany's external debts. It was obvious that he was losing all semblance of popular support. The old President cast about for someone to replace him. There was no one he could trust except his own peers, the barons of the *Herren Klub*. These gentlemen were much more attached to the Monarchy than to the Republic, but they hated Social Democracy and they hated National Socialism, and in those days anything seemed better to Hindenburg than Socialists or Nazis. He called in Von Papen, who formed a "Barons' Cabinet." They had no pretense to popular support but they had a clear-cut policy—National Socialism without the socialism. With shrewd understanding of the weakness of the Social Democrats (which lay in their shrinking from violence) Von Papen turned them out of the government of the State of Prussia which they had controlled for a decade. In 1920 a similar *coup* on the part of Kapp had been frustrated by a general strike; now not a hand was raised to help the Prussian Socialists. Von Papen won another moral victory in July, this time over the Allied Powers: at the Lausanne Conference, Reparations were virtually canceled. It mattered little to Germany that ratification of this depended on America's waiving her claim to War Debts; the point was that the Barons' Cabinet had removed a load from Germany which Republican ministers had been powerless to shift.

The Barons still had the Nazis to face. At the July elections Hitler's party won 13,733,000 votes and 230 seats in the Reichstag. It was neces-

sary now to make some concessions to Hitler, so the President condescended to receive him and offered him a seat in the Cabinet. Hitler refused: he would have complete control or nothing. Von Papen now braced himself for a duel with the Nazis; he dissolved the Reichstag by Presidential decree as soon as it met and proceeded to steal Hitler's thunder by establishing a Nationalist dictatorship. The Press was censored, the wireless was monopolized, the State of Prussia was put under the virtual control of the Central Government, Communists were imprisoned and Jews were dismissed from public positions. So successfully did Von Papen take the words out of Hitler's mouth that at the November elections the Nazi vote dropped by two million.

The Nazis now prepared for a military *coup*. As a last resort the President replaced Von Papen by General Von Schleicher, who had control of the Reichswehr and was thought to have influence with the Trade Unions. Von Papen, piqued, answered by making a pact between his Nationalists and Hitler's Nazis. Thus combined, the two parties would have a majority. On January 30, 1933, the President had to confer the chancellorship upon Hitler.

In Austria as in Germany, democracy collapsed under the strain of the crisis. The little Republic was bankrupt and divided against itself at a time when its only hope lay in unity. The Socialists of the city of Vienna found themselves surrounded by enemies. On the north Hitler was demanding a Nazi Austria, on the south Mussolini was demanding a Fascist Austria, within the Republic itself the Catholic leaders were persuading the peasants that they must arm themselves for defense against the Nazis of Germany and the Socialists of Vienna. At last the Chancellor, Dollfuss, himself a Catholic of peasant stock, was informed by the Heimwehr — the private army of Austrian Fascists — that they would cease to support him unless he took from the Socialists the rifles which they had kept, unused, since 1918. The Socialists had the alternative of giving up their arms — after which their fate could only be that of the Italian and German Socialists — or of resisting. They shut themselves in their tenements, those new buildings which were a model to the world, and the Heimwehr and the Austrian army leveled heavy artillery on them. The tenements were partially destroyed, women and children were killed in their homes. After four days' fighting in the city — it was February 1934 — the Socialists gave up their

arms, and their leaders fled over the frontier into Czechoslovakia. Dollfuss and the clerical faction now held the whip hand all over Austria. But they could do nothing to improve the economic condition of the country. A union with Hungary by means of a Habsburg restoration might have set the wheels of commerce turning again, but it was banned by the Little Entente. Unless something could be done to put the unemployed back to work, it seemed certain that the future could hold nothing for Austria except forced union either with Fascist Italy or with Nazi Germany.

*Recovery in Great Britain.* Of all the countries of Europe, Great Britain made the best recovery from the crisis of 1931. The Emergency National Government that was set up in August amounted to a dictatorship. It abandoned the Gold Standard that it had promised to maintain, and it passed an Economy Bill "which, by a momentous and unprecedented change of constitutional practice, did not specify the economies to be made, but empowered the several ministers to effect them in their own departments *with such arbitrary modifications of existing contracts as were required*, merely by magisterial fiat."<sup>1</sup> But the country approved of these measures: at a general election held in October the Liberals united with the Conservatives against Labour, and the most respected public figures and all the great newspapers except two urged the electors that it was their duty to vote for the National Government, by which they meant the coalition of Conservatives, Liberals and the handful of ex-Labour leaders who had followed MacDonald. The Nationalists tried to scare the poorer people by hinting that the Labour Government had designs upon the money they put in the Post Office Savings Bank. The Labour vote dropped from 36 to 30 per cent of the total votes cast, and by a strange anomaly of the British system of single-member constituencies this involved the loss of 215 Labour seats in Parliament. The National Government found itself supported by 91 per cent of the House and with every prospect of five full years in power.

The object of the new coalition was to help the British producers. Normally most producers worked for foreign markets, but now the great depression had swept away the greater part of that foreign trade.

<sup>1</sup> Lord Passfield in the *Political Quarterly*, January 1932.

There was little that a Government could do to recover it, but that little the Nationalists did. The pound was not allowed to fluctuate: an Exchange Equalization Fund was used to keep it steady at a point not too far below its old standard. The steadiness of the pound meant that foreigners could contract to buy British goods without too much risk of prices rising in the meantime; the cheapness of the pound meant that they could afford to buy more easily than when it had stood at its 1925-1931 rate. Then the Government converted 200 million pounds of War Loan from 5 per cent interest to  $3\frac{1}{2}$  per cent. *Rentiers* lost a large fraction of their incomes, but in future investors felt more inclined to invest their money in industrial stocks—there was more capital available for industry. One weapon the Government had for stimulating the export trade: certain nations, notably Denmark and the Scandinavian and Baltic States, lived largely by selling goods to England; the Government announced that it would not allow these goods into the country unless the States concerned undertook to take a definite amount of English products in exchange. By this system of international barter, the British export and shipping industries were saved from stagnation.

In the days of her prosperity Great Britain had not bothered much about the home market; the business of selling goods to forty million Britons was petty compared with the opportunities of sales to the thousands of millions of foreigners. But now in the world-wide depression the home market offered possibilities which the National Government did its best to develop. It kept cheap foreign goods out of the country by tariffs (thus abandoning all allegiance to the Free Trade gospel of the nineteenth century and incidentally losing the support of a group of Liberals in the coalition). It gave subsidies to help the shipping industry and producers of wheat, milk and beef, and it carried out a really important reform of British agriculture.

The instruments of the reform were Marketing Acts, which were an attempt to organize producers to raise and distribute their own products in combination instead of by cut-throat competition. The machinery had been set up by the Labour Government in 1931; it was elaborated by Major Walter Elliot, the Conservative Minister of Agriculture, in 1933. The Acts empowered two thirds of the producers of any one commodity to plan the quantity, quality and price

of their product. Their plan was to be subjected to criticism by various committees and Government departments and finally to be submitted in the form of a Bill for the approval of Parliament. In 1933 and 1934 Marketing Acts were passed for hops, milk, pigs, bacon, potatoes and other commodities.

The Marketing Acts were the most remarkable experiment undertaken in England in postwar years. At last the effort was being made to plan the production and wholesale distribution of food according to the needs of the community. Every sort of difficulty beset the experiment in its initial stages. It was obvious, for instance, that producers being thus officially encouraged to form monopolies would use their new powers to force up prices in their own interests. This is what happened in the case of pigs and bacon, for which producers charged a higher price, thus depriving the poorer classes of a food for which they could find no wholesome substitute. It was some time before the producers realized that their selfish policy was harming themselves by killing the demand for their product. The weakness of these first Marketing Acts and subsidies was the scant attention paid to the consumer's point of view. It was easy to summon a committee of representative producers, but who is to be called a representative consumer? The British Government, like the American, had yet to develop a technique for planning agriculture in the interests of the man who eats as well as for the man who grows.

Great Britain had made a considerable relative recovery. No other country in the world in 1934 was so prosperous, none so stable, none so confident, none had weathered the crisis with so little panic, so little oppression. But this recovery was only relative. It was achieved at the expense of the taxpayer, whose burden was increased; of the teachers, civil and military servants, who suffered cuts in their salaries; of the poorer classes, who had to pay more for their food; and of the unemployed, who suffered cuts in the dole which brought their standard of living below that which the British Medical Association considered necessary for the maintenance of health. Above all it was achieved at the expense of the foreigner: bankers and businessmen of nearly every nation who had deposited money in London for safekeeping lost 20 per cent of their savings when Great Britain went off the Gold Standard; exporters lost more than that percentage of their trade when

Great Britain piled tariff upon tariff, quota upon quota; the United States had an especial grievance when the Chancellor of the Exchequer in 1934 refused to pay the bulk of his American debt at the very time when he was gloating over a considerable budget surplus.

The nature of the recovery in other countries was the same in varying degrees as that of Great Britain. Almost every nation was a little better off in 1934 than in 1931. But the partial recovery had been attained by negative methods. The depression that became intense in 1929 and reached a crisis in the winter of 1931 drove every European nation into its shell, arming itself by tariffs, currency restrictions and armaments against every other nation; and this maneuver tended to retard the restoration of financial and economic intercourse between nations. No one imagined that there could be any *real* recovery until international trade was restored.

*Europe under Dictatorship.* The tragedy of the economic depression of 1929-1933 is that parliamentary democracy proved inadequate to deal with the emergency and that there arose in nearly every nation a form of dictatorship, more or less severe according to the suddenness and intensity of the crisis. In Germany and Austria democracy gave way to tyranny. In Poland all but the faintest shadow of parliamentary rule was lost in October 1929 when Pilsudski, nominally only Minister of War, sent a body of soldiers into the lobby of the Chamber to remind the delegates of their limitations; his position as dictator was "legalized" at the elections of the following December, before which he had taken the precaution of imprisoning the leaders of the opposition. In Yugoslavia King Alexander made the murder of the Croat leader Raditch in the Chamber an excuse for dismissing Parliament and suspending the Constitution; he ruled Yugoslavia as a dictator, largely in Serbian interests and to the great discontent of Croats and Slovenes, until October 1934, when he himself was murdered at Marseille. His brother-in-law King Carol of Rumania took a similar step towards dictatorship in 1931 when he dismissed Maniu and replaced him as Prime Minister by an old man who had been the royal tutor. In Bulgaria a military insurrection broke out in 1934 and Parliament was dissolved and all political parties suppressed. In Greece the republic was abolished and monarchy restored in 1935,



as a cloak for the military dictatorship of General Metaxas. Meanwhile, in the farthest corners of Europe, democracy had foundered in a similar fashion: in Portugal a new constitution modeled on Fascist lines was adopted by plebiscite in 1933, with Dr. Salazar as dictator; in Estonia and Latvia parliament was superseded in 1934 by authoritarian régimes.

Hungary, not having shared in the prosperity of 1925-1929, did not feel the sudden contrast of the depression, but in 1931 the arrogant Count Bethlen had to resign in favor of a minister who was more inclined to truckle to France, and in the following year the Francophil was succeeded by Julius Gömbös, who was prepared to accept help from Italy upon Italy's terms. Czechoslovakia, being a more self-sufficient State, fared a little better: Masaryk and Beneš kept their seats and the democratic constitution was not altered, though there was increasing opposition from the German minority, who, being situated in the areas devoted to export industries, felt the economic depression most severely. In France and Great Britain, too, democratic government stood the strain, but only at the price of setting up National Governments — which for a time meant the virtual elimination of parliamentary control.

It was a far cry from 1919, when the map of Europe had been redrawn to make the world safe for democracy. The prevailing view in the years of crisis was that the reaction towards dictatorship would pass with the depression. This comforting thought was banished by the subsequent triumph of Nazi Germany, and Europe was very much farther from being a democratic continent in 1939.

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## X · NAZI GERMANY IN TRIUMPH

WHEN Hitler became Chancellor at the beginning of 1933, no one outside Germany imagined that he was anything but a grandiloquent little agitator or that his tenure of office would be anything but short. Yet in reality his coming was to mark the opening of a new chapter, not only in the history of Germany, but of Europe.

Hitler promised three things: he would give Germany unity, prosperity, and equality with other countries. If, at the end of four years, he had not fulfilled this promise, he prayed that he might be beheaded like a traitor. The wonderful thing is that in four years Hitler did fulfill his promise, though in ways that few of his hearers would have approved, had they been explained in 1933.

*Germany Nazified.* To Hitler unification meant Nazification, and the first step in Nazifying Germany was to get a clear majority in the Reichstag. The elections were due in February and Hitler's régime began by a rapid clean-up of political opponents. "Shoot first and inquire afterwards, and if you make mistakes, I will protect you," said Göring, the Prime Minister of Prussia, to the police. A week before the elections the Reichstag building, which was connected with Göring's house by a tunnel, was burned in circumstances that enabled Hitler to throw the blame on the Communists. But in spite of shooting and arson, less than 44 per cent of the electorate voted National Socialist. To get a clear majority, Hitler had to declare the 81 Communist deputies unable to take their seats. The purged assembly was then ready to vote the Chancellor whatever powers he asked for.

Five months later there was not a single political party except the Nazis left in Germany. The Communists attempted armed resistance, but were soon crushed. The Social Democrats, true to their legalist principles, waited for Hitler's men to arrest them. The old Catholic Center party was dissolved and the Pope signed a Concordat forbidding priests to take part in politics. The industrialists of Hugenberg's Na-

tionalist Party, who had put so much money behind Hitler in the earlier days, were simply elbowed out of office, and Hugenberg's lieutenant, Dr. Oberföhren, was murdered.

It was not long before every other organ of public opinion went the way of the political parties. The Trade Union organizations which had bred and nurtured German Social Democracy were outlawed and their funds confiscated. The Press was muzzled by the new Minister of Propaganda, who suppressed 1350 newspapers by April 1934. Nor were Dr. Göbbels' activities merely negative. He announced that he would play upon the Press as upon a piano, and this was no idle boast: soon every paper in Germany, every cinema, theater and broadcasting station was an instrument of Nazi propaganda. Editors who demurred, film, theater and radio directors who resisted, found themselves among the 100,000 political prisoners in concentration camps.

The extraordinary thing is that this persecution was not unpopular with the majority. They had had fourteen years of "liberty" under the Weimar constitution, and of those years they remembered nothing but the miseries of civil war, inflation, economic crisis, unemployment and the contempt of their neighbors. The fault for this must lie, they thought, in the conception of political liberty itself, and in the Jews who had abused it. Hitler taught them that the Communists who had caused the civil war, the financiers who had been responsible for the economic disasters, and the intellectuals who had led the moral degradation, were Jews. In the Jews Hitler offered his people a defenseless scapegoat. They needed no urging, though the motives behind the pogrom were mixed. Professional jealousy led to the dismissal of Jewish lawyers, journalists and doctors; sexual jealousy led women to assault Jewesses on the streets and young Germans to attack Jewish boys in the dance halls; the lust for loot drove crowds to break into Jew-owned shops on the boulevards of Berlin. Hitler might have driven the Jews from Germany, lock, stock and barrel. He preferred to break the locks and retain the stocks and barrels, giving the Jews the alternative of penniless exile or continued residence in Germany as a permanent object for the hatred of good Aryans.

Eighteen months after Hitler's accession to power, most non-Nazi organizations had been silenced, but unity had not been achieved.

There were men like General von Schleicher, the ex-Chancellor and perennial schemer who stood to the Right of the Nazi movement, and Catholics like Dr. Klausener, Father Stempfle, and Huber and Probst, who were leaders of Catholic Action and of Catholic Youth—all potential rivals to the Hitler régime. Within the National Socialist movement itself there was opposition. The Brownshirts (S.A.) had not lost their interest in discussing policy. In the old days they had been invaluable as the private army of lower-middle-class down-and-outs who had brought Hitler to power. Now Hitler had all the private guard he needed in the picked Blackshirts (S.S.), and a fine regular army in the marvelously trained cadres of the Heimwehr. The Brownshirts were a nuisance and a danger, especially since their leader, von Roehm, had begun agitating for more drastic economic reforms.

Hitler believed (or pretended) that his life was in danger. He decided to strike before Roehm struck, and to strike at the same time at von Schleicher and at the Catholics and others who had no connection whatever with Roehm. In the small hours of the morning of June 30, 1934, he flew to Munich, picked up five carloads of armed men at the Blackshirts' headquarters, drove out to Roehm's villa and arrested him and his friends, who were in bed. Some of these were shot outright, others were done to death later in the day, together with dozens of other "traitors," in Munich. Meanwhile, in Berlin, Göring had had a mixed bag. ("In those twenty-four hours," he said afterwards, "I was the Supreme Court of the German people.") His victims included von Schleicher and his wife; Dr. Klausener; the two secretaries of von Papen; Gregor Strasser, the theorist of the Party; Ernst, and other Brown Shirt leaders. The total death-roll of the Thirtieth of June was admitted by Hitler to be 77, but there is every reason to believe that the real total ran into four figures.

At that price the security of Hitler and his régime was bought. He was now undisputed master of his own party and had no potential political rivals left outside it. The only possible rival was the Army, which naturally gained by the hamstringing of the Brownshirts. But Hitler took advantage of the death of the aged Hindenburg (in August 1934) to declare himself not only President of the Reich, but supreme head of the Army, in which capacity he demanded an oath of personal loyalty from every officer. The Army leaders, who had never been

popular with the public, now owed far too much to Hitler to think of breaking their oath.

It would be utterly false to give the impression that the unification of Germany was achieved merely by terrorism. It was achieved by the desire of the German people, who acquiesced even in the Thirtieth of June because no price seemed too great for the feeling of solidarity in blood brotherhood which Hitler gave them. And it was secured for the future by a remarkable experiment in the conditioning of the young. In schools purged of anti-Nazi teachers and filled with Nazi flags and textbooks, children were taught to venerate the pagan German past, to imitate the pagan virtues of courage, fortitude and prowess in battle, to despise uncertainty, tolerance and things unclean and un-German. In an environment of bugles, marching songs, and torchlight processions, the adolescent longing for service and loyalty to an ideal was canalized into service of the Nazi State and loyalty to Hitler, the Leader. (Six million boys and girls flocked into the Hitler Youth Movement under the Leader's disciple, Baldur von Schirach.) In camps in the open country, young men between eighteen and twenty-four were relieved from all the worries and responsibilities of maturity, freed from the wretchedness of unemployment, taken from the grime of slum and the gloom of suburbs and given good work to do, draining marshes, felling trees, cutting canals, reclaiming land from the sea, given good food and hearty communal life among men of their own age and of every class and quarter of Germany. There were over a thousand of these camps where every young German, as he grew up, did six months of Labor Service, having his body trained and his mind inoculated with Nazi principles administered in daily lectures and in constant precept and example by the semimilitary, wholly Hitlerite administrative staff. After Labor Service the young man would probably go straight on to perform his Military Service—the compulsory term of which was extended, in 1936, to two years.

*A Cure for Unemployment.* Hitler had promised to bring prosperity to Germany, and to the ordinary man prosperity meant, simply, employment. Nearly a third of the working population was out of work when Hitler came into office: his problem was to find work for six million unemployed.

Obviously there could be no single solution. Many points of Nazi policy undertaken primarily for other ends contributed to solving the problem of unemployment. The Labor camps took many thousands of men off the streets. The Party bureaucracy took many thousands more: Party offices and organizations were multiplied without regard to cost until there were Party organizations parallel to almost every Department of State. The increase of the Army and of the new conscription laws further reduced the numbers of workless. Altogether it is estimated that more than a million men were taken off the unemployment rolls by these three means. Another half-million were put back to work by the removal of women from the labor market; Hitler's idea of confining women to child-rearing and domestic labor was not without its economic uses. Hundreds of thousands more were accounted for by the dismissal of Jews, Marxists and other undesirables. It was decreed that such outcasts should not in future appear upon the registers.

But there remained at least four million men officially unemployed. How was work to be found for them?

Hitler's answer was the same as Roosevelt's: by Public Works. Gigantic schemes of slum-clearance and town-planning were set on foot. The great blocks of workers' tenements, and stately town halls, post offices and railway stations which had been the glory of the Weimar Republic were multiplied on an even more lavish and—it must be admitted—dignified scale under the Nazi régime. Many of the public works combined military with economic purposes in a typically Nazi manner. The motor-roads scheme, for instance, planned the laying of 5000 miles of highway, consisting of double tracks separated by grass, each track holding four lines of one-way traffic. The first *Autobahnen* to be completed connected the northern ports with the capital and thrust concrete javelins at the Polish, Czech, and Austrian frontiers, in a way that would facilitate the concentration of troops even more than it would speed up commercial traffic. By 1938 over 120,000 men were employed on the *Autobahnen*, and many more in concrete and other auxiliary works. The result of all this was that the total number of registered unemployed was reduced to under half a million—an achievement for which the German people could not fail to be grateful to Hitler.

Hitler had banished unemployment. But by 1938 Germans began to

doubt whether employment really meant prosperity. The public works and the expansion in the building and armaments industries had been financed by Government credit; and to prevent the dissipation of this capital in higher wages and prices these were brought under Government control. The stabilization of prices, however, defied even German bureaucratic genius. Boots and clothes, for instance, might cost no more, but they wore out much more quickly. Meat, butter and potatoes became undisguisedly dearer every winter. The average weekly wage remained fixed at 120 marks, but in order to earn it workmen had to put in more hours of labor — 48 was the average. And there was no question of striking for higher wages or shorter hours. Strikes were forbidden by law. Industrial disputes had to be referred to a Labor Trustee appointed by the Government. In addition to this official there are in each district a Court of Social Honor to try cases of disloyalty towards the firm — a sufficiently elastic offense — whether committed by employers or employees. Together with the right to strike, the employees had lost their welfare funds when the Trade Unions were outlawed. In place of their Unions, Hitler gave them an organization known as the Labor Front through which they might secure rent rebates, reductions on cinema and sports-ground tickets, cheap holiday travel and a modicum of social insurance. Membership of the Labor Front was in fact, though not in principle, compulsory. The privileges secured to the worker were paid for by him: altogether 13 per cent of the average wage of all German workers was deducted for taxes, insurance and Labor Front contributions.

Capitalists as well as workers lost their freedom of action under Hitler's economic system. Employers were forced to contribute to Party funds and were obliged to obtain Government permission for issues of new capital and for the privilege of exporting or importing goods. In the interests of increased employment they were often forced to retain superfluous employees and to scrap labor-saving machinery. Though National Socialism had come into office with the support of the capitalist, it used its power to subordinate the capitalist's interests to the interests of the Totalitarian State.

*The Economic Problem.* Unemployment had been solved by the creation of a closed economic system, but the problem of bringing

prosperity to Germany — of increasing the standard of living of every class — remained. Germany needed raw materials — especially oil, rubber and construction goods. She needed food — especially wheat, meat, and animal fats. The obvious way to obtain them was by importing from abroad. But how were these imports to be obtained? The gold reserve was gone. There was no surplus of German industrial goods available for export, for all were needed for the gigantic rearmament plan. Everything that human cunning could contrive was done by the Finance Minister, Dr. Schacht. He forbade the export of capital; he forced foreigners selling to Germany to leave their credits in the Berlin bank, taking in exchange receipts which they sold to buyers from Germany at a rate differing for every country; he toured the Balkans in the summer of 1936, buying immense quantities of agricultural produce on an arrangement by which the Balkans could get little but German armaments in exchange. But still foreign trade remained below the 1929 level. Germany's closed economy forbade any real increase of prosperity by economic methods. But Hitler had another plan: he would make Germany strong regardless of cost, he would make Germany as nearly self-sufficient as possible, and then he would threaten war, he would effect the penetration of raw-material and of food-producing countries by peaceful or other means, and thus prosperity would come to Germany!

This was the essence of the Second Four-Year Plan, which Hitler announced in September 1936. Self-sufficiency was to be achieved by subsidies for the production of synthetic oil, rubber and plastic materials. Wood manufacturers were forced to mix wood fibers with their wood, millers to mix rye with their wheaten flour. Propaganda urged the German people to eat less meat and to accept margarine for butter — in Dr. Göbbels' famous phrase: "We definitely prefer guns to butter." And meanwhile German arms grew stronger and German threats to foreign powers louder.

*The Versailles Treaty in Tatters.* The success of Hitler's foreign policy was sufficient to make his people forget any lack of prosperity in the years before 1939. Never in the history of the world have such triumphs been won in a brief six years — and won, it must be remembered, without war, without the loss of a single Pomeranian Grenadier. When



Hitler came into power Germany was disarmed and despised, without an ally in the world and with the League of Nations operating against her, as a sort of committee of the Powers that had defeated her in 1914-1918 and who were determined not to admit a revision of the humiliating peace that she had been forced to sign. By the end of 1938 Germany was the most powerful nation in Europe, with her territories increased by the addition of Austria and of the most valuable areas of Czechoslovakia, with allies in Italy and Japan, with vassals in Eastern Europe, and with the whole world waiting in trepidation for Hitler's next move.

This triumph was achieved by a simple abrogation of all diplomatic morality, by clever timing and by a new technique of nonmilitary penetration. The world-wide implications of Hitler's foreign policy will be considered in the final section of this book; here it will be dealt with only from the point of view of Germany.

As soon as Hitler came into office he made it clear that Germany would recognize no future claim to Reparations, and he denied absolutely the war-guilt clause of the Versailles Treaty on which the Allies' right to Reparations had been founded. The next step was to withdraw, in October 1933, from the League of Nations and from the Disarmament Conference. In January 1935, the Saar territory reverted to Germany in consequence of a fairly conducted plebiscite in which the inhabitants showed unequivocally their desire to return to the German fold whoever the shepherd might be. Then, in March, Hitler announced his rearmament program and enforced conscription in defiance of the Versailles Treaty. Britain and France naturally protested, but all sting was taken out of their protest by the naval treaty which Britain signed, behind the back of the French ministers, in June, recognizing Germany's right to rebuild her fleet up to a third of the British strength. After that the Allies had no moral right to complain of breaches of the Treaty.

Hitler realized the strength of his position. Waiting until his neighbors were preoccupied by Italy's activities in the Mediterranean and East Africa, he marched his troops into the demilitarized Rhineland in March 1936. For a moment it looked as if he had gone too far — as if his military chiefs had been right in advising him not to plant guns on the French frontier. But Britain made it clear that she had no intention

of assisting France in any military reprisals; and the danger passed. Hitler had taken a risk and succeeded. He went on to speed up rearmament and to extend the term of conscript service from one to two years.

Meanwhile German diplomacy was busy angling for allies. Mussolini, anxious for a friend who would immobilize France while he made the Mediterranean into an Italian lake, cemented the Berlin-Rome axis by a personal visit to Berlin in September 1937. The Japanese were equally anxious for an ally who would immobilize Russia while they advanced farther into China; they were glad to extend the axis to a Berlin-Rome-Tokyo tripod. Thus collective Security, the old ideal of the democratic Powers, was achieved in fact by the Totalitarian States while the rest of the world was torn by distrust and prattling about isolation.

The way was now clear for the realization of Hitler's old dream of adding his native Austria in the German Reich. He had tried once before and failed. In July 1934 Austrian Nazis, instigated by Germany, had murdered Chancellor Dollfuss in Vienna, but before their *coup* could be completed Mussolini concentrated his troops on the Brenner Pass as a warning against German aggression. Dollfuss' successor, Schuschnigg, continued his predecessor's policy of basing an independent Austria on Catholic clericalism, but he could no longer count on Italian help; he refused to solicit the aid of the Viennese Social Democrats and he was unable to check the growth of the Austria Nazi party, swollen as it was by money, arms and agitators smuggled across the German frontier. In January 1938 Hitler called Schuschnigg to a conference at Berchtesgaden and demanded that an Austrian Nazi be put in charge of the Austrian police, with a seat on Schuschnigg's cabinet. Schuschnigg felt that he had no alternative but to acquiesce. In a few weeks the police checks on Nazi activities were withdrawn. Seeing that a revolution was imminent, Schuschnigg announced that a plebiscite would be held to determine the future of independent Austria. It was too late. In the morning of March 18, 1938, Hitler poured his troops into Austria. They met with no resistance. Who was there to resist? Austria became a German province, and in a few weeks the process of cleaning up anti-Nazis and Jews was proceeding as merrily as in Berlin five years before.

The whole strategical situation in Europe was changed by the conquest of Austria. Without Austria, Germany was separated by moun-

tain ranges from Czechoslovakia; now only a few miles of level ground lay between German Vienna and the Czech lands. Military conquest of Czechoslovakia would have been an easy matter: the only risk was that it might involve Hitler in a general European war. It appears that Hitler would have taken the risk and arranged for an invasion of Czechoslovakia to take place in the last week of May, but on the twenty-first a strongly-worded note from Britain warned Germany against sending troops over the frontier. Hitler promptly took the hint and reversed his policy. Instead of invasion he resolved on securing the internal disruption of Czechoslovakia.

The new policy of absorption by internal disruption needs a word of explanation. It was part of Hitler's theory of race that all people of German blood, in whatever State they happened to find themselves, were morally members of the German Reich. Thus the 3¼ million Germans in Czechoslovakia, the million in Poland, the half-millions in Yugoslavia and in Hungary, the three quarters of a million in Rumania, the 117,000 in the Baltic States and the 40,000 in Denmark were all potential subjects of Berlin. By a twist of the Wilsonian doctrine of self-determination, those national minorities could claim first the right to rule themselves, then the right to be incorporated in the Reich. Hitler's problem was therefore to make them nationally conscious, to make them Nazi. To this end he printed newspapers and broadcast speeches, sent money and organizers.

His first success was achieved in Czechoslovakia where the Germans formed a quarter of the whole population. This minority, though geographically divided into at least eight enclaves, was united by economic as well as national grievances, for they lived for the most part in the centers of the exporting industries, which had been hit most severely by the great depression. A local Nazi leader was found in Konrad Henlein, who managed to unite all the German political groups in Czechoslovakia except the Social Democrats who held out under Herr Jackh. It was not difficult for Henlein to play upon the traditional German hatred of the Czechs and to increase his following by the promise of employment and domination of the province of Bohemia. Faced by the danger of revolution led by Henlein and followed by German invasion, the Czech Government hastened to make concessions, but at each concession Henlein raised his price. The British Govern-

ment attempted to mediate, but on September 14, 1938, Henlein, on Hitler's advice, broke off negotiations.

A fortnight of international crisis followed, during which Europe trembled on the verge of war. Realizing Hitler's determination to have the Sudeten areas by war if he could not have them by peace, the French Government threw over its treaty with Czechoslovakia and arranged with the British to offer Hitler part of the Sudeten territory if he would guarantee the immunity of the rest of Czechoslovakia. The British Premier, Chamberlain, flew to Berchtesgaden, but Hitler refused to give any guarantee. A week later Chamberlain flew to Germany again, but again Hitler refused to yield an inch. Germany mobilized, and the French Army and the British Fleet followed. There was no alternative: they must fight Hitler or yield to him. The British and French Governments yielded. At Munich the Four Powers (Britain, France, Germany and Italy) agreed to the partition of Czechoslovakia, and on the first of October German troops marched into Bohemia, as Hitler had said they would.

Before the end of the year a third of the area and population of Czechoslovakia had been annexed, though not all by Germany, for Hungary and Poland were allowed small slices. And the two thirds that remained were rechristened Czecho-Slovakia and tied to the chariot wheels of Nazi foreign and commercial policy.

Meanwhile, the same game was being played in other Danubian countries. In Rumania King Carol destroyed the local Nazi movement by having Codreanu and its other leaders killed. Then he set about protecting his country from the German disease by homeopathic methods, making Rumania a totalitarian state with all political parties dissolved except King Carol's party. Hitler, however, was able to secure the right of Rumania's 800,000 Germans to join it corporately, with their own organization and leader—Fritz Fabricius. In Hungary a strong Nazi party grew up under Major Szalassy, in fear of whom the Hungarian Government felt obliged to join Germany's Anti-Comintern Pact.

Nazi propaganda was strengthened by the fact that the incorporation of Austria had given Greater Germany the first place in the trade of all the Central and East European countries. Under existing arrangements there was no major outlet for Hungarian exports but the Reich. In 1937

Yugoslavia had sent 32 per cent of her exports to Germany and 14 per cent to Austria; Germany had taken 20 per cent of Rumania's exports and Austria 7 per cent. Now that Germany and Austria were working as a single economic unit, there would be more finished goods available to send in exchange for the corn of Hungary, the minerals of Yugoslavia, the wheat and oil of Rumania. Here was a possible solution to Germany's problem of finding food and raw materials. With local Nazi movements as a spur to economic concessions and as an excuse (of a sort) for German armed intervention, Hitler seemed able to call his own tune in Eastern Europe.

*The Philosophy of Hitlerism.* Hitler's rise to power can be easily explained by the gigantic inferiority complex for which Germans were suffering: they were ready to rally to any man who would resolve the complex by sweeping away Weimar and Versailles. But his continuance in power and increase in popularity after six years of brutal tyranny and regimentalism of every aspect of German life, moral and intellectual as well as political and economic, cannot be accounted for by talk of transitory complexes. He had put a new philosophy before the German people which seemed to correspond to something deep and traditional in their outlook on life. This philosophy he outlined in *Mein Kampf*, the first volume of which was written in 1924 in prison and the second in 1927. Its basis was the twin doctrines of Race and Force. "The word *Adel* (noble) signifies Race, and the conception of it is founded upon a belief that personal characteristics are transmitted from generation to generation. . . . The Aryan peoples are above all things brave: they have always been men to protect with the sword what they have won with the spirit. . . . We involuntarily reject everything that is strange to the Germanic nature. That holds good of all and sundry; it holds good of visiting theatres and music-halls, as well as of newspaper-reading. When there is Jewish filth soiling our life, the German must turn away, and he must accustom himself to speaking the truth straight out. If we see an unclean anti-Semitism springing up, the moderate parties are to blame for that." As for Force: "The State in Power. The essential function of the State is to make war. Without war there would be no State at all . . . the individual must forget his own ego and feel himself a member of the whole; he must recognize

what a nothing his life is in comparison with the general welfare. In that very point lies the loftiness of war, that the small man disappears entirely before the great thought of the State . . . it is precisely political idealism that demands wars, while materialism condemns them; what a perversion of morality to wish to eliminate heroism from humanity!" The retention of heroism demands a new attitude towards women: "The proper sphere of women will always be marriage and the home; any person who has the welfare of the lower classes at heart will see to it that women should no longer be employed in factories at all." The establishment of the Power-State demands colonies: "It is very easily conceivable that a country that has no colonies will one day cease to be numbered among the Great Powers of Europe: the whole position of Germany depends upon how many millions of people will speak German in the future." And as for peace treaties: "Those who declaim this nonsense of a perpetual peace do not understand the Aryan people. It is clear that international treaties which restrict the will of a State are no absolute barriers, but voluntary limitations of itself. From which certainly follows, that the erection of an international court of arbitration as a permanent institution is incompatible with the nature of the State. Only in questions of the second and third importance could it in any case submit itself to such a court of arbitration."

None of these quotations are taken from *Mein Kampf*, though all are echoed in its pages. They are the words of Heinrich von Treitschke, who wrote when Germany was winning her wars over Denmark, Austria and France, and attaining the height of self-confidence under Bismarck's chancellorship—at the very time, in other words, when there was least trace of inferiority complex among Germans. The point is that the sources of Hitlerism lie not in reaction from Versailles and Weimar, but in Bismarck's Germany; and that for an understanding of Nazi Germany we must look not to any transitory complex but to a *Weltanschauung* which was expressed with admirable clarity by the most popular teacher in Germany in the last quarter of the nineteenth century.

If the principles of Hitlerism were old and German, the methods used to apply them were new and were borrowed to an astonishing degree from Hitler's despised enemy, Soviet Russia. The building up of a single party identical with the will of the State, the Gestapo or political

police, the Four-Year Plans with their insistence on self-sufficiency and military power, the methods of organizing the young in political bodies and indoctrinating them with Party principles — these with variations were all borrowed, as we shall see in the next chapter, from the Russia of Stalin.

## PART TWO: THE SOVIET UNION





## I · THE BOLSHEVIK REVOLUTION

THE Russian Revolution is the salient event in the history of the post-war world. Most of the difficulties in understanding it have come from thinking of Russia as a European country. A child is incomprehensible if judged from adult standards; Russia is incomprehensible if judged from European standards. Russia is largely Oriental, her revolution is one of many Oriental revolutions which have taken place in the twentieth century against the exploitation of the Western Powers and of the privileged classes: it is only from that angle that Bolshevism can be understood.

*Tsarist Russia.* In the nineteenth century Russia was a vast Empire of peasants and landowners. The peasants were serfs, tied to the soil; the landowners were owners of the serfs and used to bequeath them in their wills like so many head of cattle. In 1861 a decree of Tsar Alexander II made the serfs free men and allowed them to buy plots of land on the installment system and to work for the lords for wages to pay off their debt. "It is better," said Alexander, "to abolish serfdom from above than to wait until it is abolished from below."

If Russia had remained a purely agricultural country there would have been no Revolution, but towards the end of the century a policy of industrialization was adopted: Count Witte made a treaty with France, a treaty with Great Britain followed in 1906, and French and British capital began to pour into Russia to finance industrial development. It was the policy of the Tsarist Government to encourage foreign investment in Russian industry rather than to import industrial goods from Western Europe. Mining and metal works were developed in the Ukraine and in the Donetz area, and light industries round Moscow and Petrograd; munition factories sprang up to equip Russian armies for the war against Japan in 1904, and by 1906 Russia was producing nearly all the material needed for the expansion of her railways. By

1914, two and a half million workers were employed in urban industries and in mining. The conditions under which they worked are indescribable. Herded in barracks or in slums that grew like fungus round the factories, with little State interference to mitigate and no tradition to sanctify their misery, this new proletariat turned naturally to thoughts of revolution. A few intellectuals took up their cause, formed in 1897 a Socialist Party, and affiliated themselves to the Socialist or Social Democratic Parties of the older industrial nations which had organized an International Working Men's Association under the guidance of Karl Marx as early as 1864. This First International had broken up after the failure of the Paris workers to establish a Commune in 1871, and it was succeeded by a less bellicose Second International.

The life of the Russian Socialists was tragically hard. In England they would have harangued audiences in Hyde Park, petitioned Members of Parliament, organized trade unions, published Socialist periodicals; but in Russia all these peaceable methods of agitation were forbidden. There was no freedom of assembly or of speech or of publication, and the Tsar had a formidable police organization, the Ochrana, devoted to rooting out revolutionaries. The Russian agitators were driven underground, to concealed printing-presses and to secret meetings behind locked doors. When caught their punishment was death or exile to Siberia. Vladimir Ilytch Ulianov, the school-inspector's son whose *nom de plume* was Lenin, was exiled to Siberia in 1896 for three years, and later went to Europe and remained an exile until 1917. Lev Davidovitch Bronstein (Trotsky), the son of a Jewish farmer, was exiled at the age of eighteen for organizing a party of workers in Odessa. Josef Djugashvilli (Stalin), the Georgian, was imprisoned and escaped a dozen times before he was put away for four years in eastern Siberia. Worse misfortunes overtook most of the Russian revolutionaries. Adversity made heroes of them; they gave themselves up to their vocation with all the devotion of priests.

The Ochrana was the most efficient department of the Tsarist Government. The other departments were almost criminally negligent. They let Japan trounce Russia in 1905. This defeat gave a glimmer of hope to the workers and peasants. Here and there over the vast face of Russia spontaneous insurrection broke out, strikes in towns as far apart as Warsaw and Kovno, Riga and Tiflis, and in the countryside raids on manor houses and destruction of farm machinery. In Petrograd the

strikers formed a Soviet or Council of Workers, and Trotsky, who had slipped back from Europe, was elected at the age of twenty-five to be its President. The Soviet proclaimed the Tsarist debts void and then succumbed: early in December its leaders were arrested. In Moscow the Soviet declared a general strike on December 19 and workers captured all but the central portion of the town, but their rising came too late: the Tsarist troops were back from Manchuria and the revolt was suppressed.

The revolutionary leaders found themselves in exile again. The moral they drew from the 1905 failure was that revolution in one single country could not succeed: there must be a revolution of the workers in every country. Capitalist industry had brought the same evils wherever it touched, the same profiteering by capitalists, the same slums, semi-starvation and degradation for the working class. The only solution, as Marx had said, was the overthrow of the whole capitalist system by the workers of the world. Spontaneous risings would be put down; the eventual revolution must be made by a disciplined revolutionary party acting through the workers' own organizations. The Russian rebellion of 1905 had brought the workers' organizations into existence in the form of Soviets. But the revolutionary party had not been ready in 1905. Two years before the Russian Social Democrats had split: a majority (Bolsheviki) had declared for a small party limited to whole-time workers and devoted to violent revolution; a minority (Mensheviki) had declared for a large party including sympathizers as well as revolutionaries and devoted to more gradual methods. Quarrels between the Bolsheviks led by Lenin and the Mensheviks led by Martov, with Trotsky steering an independent course between them, continued until the World War broke out in 1914. Then Lenin was proved to be right. The Social Democratic Parties of Britain, France, Belgium, Austria and Germany were of "Menshevik" mentality; they had all sworn not to join in the war which everyone knew to be coming, yet they all broke their words: trade union leaders in Britain urged their members to fight against trade unionists in Germany, and *vice versa*. Lenin had to watch the workers of the world lose their opportunity of combining against the capitalists, who, he believed, had demonstrated the fundamental viciousness of their system by making the war. He did not despair but worked hard to keep in touch with the Bolshevik groups in various parts of Europe.

*The Revolutions of 1917.* Marx had predicted generations ago that in the capitalist weakness which would follow war the workers' chance would come. It came in March 1917, in Russia, and so suddenly that nobody was prepared. A strike broke out in Petrograd following a demonstration of women workers on International Women's Day. By the third day of the strike 240,000 workers were parading the streets of the capital. The Cossacks were called out to drive them back to work, but the Cossacks preferred to fraternize with them. Other troops deserted to the workers and helped them to capture the police stations. The Tsar's train was held up outside Petrograd, and the "Little Father" was barred from his Capital.

The Government was paralyzed. As Denikin, the future White general, said: "Owing to the unrestrained orgy of power in which the successive rulers, appointed at Rasputin's suggestion, had indulged during their short term of office, there was in 1917 no political party, no class upon which the Tsarist Government could rely. Everybody considered the Government as the enemy of the people. Extreme Monarchists and Socialists alike, the united nobility, labor groups, Grand Dukes and half-educated soldiers — all were of the same opinion." But there was no agreement as to what should take its place. Now, as in 1905, the workers failed to take advantage of their insurrection. To get rid of the Tsar was one thing, but to rule Russia themselves was another. They elected Soviets, but the members they chose were mostly Mensheviks and supported a Provisional Revolutionary Government of Liberals — not revolutionaries but moderate reformers, the old middle class with a Prince (Lvov) at their head. It was a ludicrous situation: the workers put the capitalist bourgeoisie into power without making any stipulations even about land-ownership or for an eight-hour day; the only condition they made was that the Left Wing parties should be allowed to conduct their propaganda unmolested. As Trotsky has said in his great *History*, "the revolutionaries were begging the liberals to save the Revolution . . . the liberals were begging the monarchy to save liberalism." But at the time the absurdity of the situation was not realized. The Socialist leaders seemed pleased enough with the course the Revolution was taking. They were rudely shaken out of their complacency by Lenin. He was in exile in Zürich when the news of the March Revolution came; weeks passed before he could arrange with the

German Government for leave to cross Germany, though at last the Germans agreed and provided a railway coach for the transport of Lenin and other revolutionaries, thinking that their presence in Russia would strengthen the peace party in that country. In April, Lenin reached the Finland Station of Petrograd to find a huge crowd of Socialists waiting to welcome him. They thrust a bouquet into his arms and crowded around him calling for a speech and expecting the squat little man to congratulate them on the way they had overthrown Tsardom. Instead of congratulation they heard a speech of the most withering and contemptuous abuse. They had betrayed the Revolution by setting up a Government of capitalists; the Provisional Government must be destroyed and all power taken in the hands of the Soviets. There must be another revolution, aimed at giving "Power to the Soviets, Land to the Peasants, Bread to the Starving and Peace to all men."

The Bolsheviks thought that their leader was mad. After all, he had spent his life in exile and was completely out of touch with realities in Russia. They continued to support the Provisional Government and waited for Lenin to moderate his views.

The life of the Provisional Government depended on its success in conducting the war. Failure to organize Russia for war had been the cause of the downfall of the Tsar. The magnitude of that failure cannot be exaggerated. Russia was the first power to mobilize in 1914; millions of men were rushed to her western front, but so ill-armed, ill-clad, ill-fed, with such scanty provision for health, equipment and reinforcement, that they died like flies in the marshes of Prussia and Poland. At last they had begun to desert: it is said that over a million Russian soldiers left the lines to make their way back to their villages in January 1917. Yet the Provisional Government was determined to carry on the war. They had more enthusiasm but not much more competence than the Tsarists. They organized a great offensive for June, but the Kronstadt sailors mutinied, whole regiments mutinied, the offensive was a complete failure. The news of the failure made Petrograd seethe with revolt. Sailors and soldiers poured into the capital and joined the factory workers in the cry of "Power to the Soviets" and "End the War." The Provisional Government was equal to this crisis. It put the blame for the demonstrations on the Bolshevik faction, convinced the demonstra-

tors that Lenin was a German spy and that the peace agitation was part of a plot to betray Russia to the Germans. The Bolsheviks went into hiding. The Provisional Government reorganized itself, with Kerensky, a lawyer with oratorical gifts, in place of Lvov.

In the late summer and early autumn the Revolution languished. Lenin and some Bolshevik leaders were in hiding, others were in prison. Party members in the Soviets were urging them to strike at once at the Government. Lenin held them back; he knew that the time was not yet, that he must wait until Kerensky had dug his own grave and public opinion had come round to the Bolsheviks.

At last he gave the word. An Imperialist general, Kornilov, had attempted a *coup d'état*; his failure had demonstrated the weakness of the forces of reaction and subsequently the Bolsheviks won a majority in the Petrograd Soviet. On October 23 Lenin announced at a secret meeting of Bolsheviks that the party would seize power in fifteen days. The two weeks passed in a flash, there was hardly time to organize a few hundred young men into a secret "Red Guard," to arrange with munition workers to steal bombs and machine guns, to sound telephone operators, and to warn friends in the police and in the *Aurora*, the battleship whose Bolshevik crew had brought it up the Neva to Petrograd. The Bolshevik headquarters were in the Smolny Institute—once a school for the daughters of the nobility. It was crowded with delegates up for the Soviet Congress, with professional revolutionaries back from exile, with Red Guards and with arms and equipment, with messengers and reporters and curious of every description. Somehow through the confusion orders came for the insurrection, somehow they were carried out. There was nothing startlingly dramatic about the Bolshevik *coup* of November 7:<sup>1</sup> the capital fell into their hands as if it had been Bolshevik all along. The insurrection began in the small hours, when at about 2 A.M. Bolshevik detachments began to occupy the strong points. At five o'clock the Provisional Government ordered the Bolshevik Press to be seized: the machine rooms were raided by police and some machinery destroyed. But the *Aurora* refused to obey orders to leave the river and provided the Bolsheviks with re-

<sup>1</sup> October 25 by the Julian calendar which was still the official calendar of Russia. Following this dating, the events of those days became known as the October Revolution.

inforcements and a broadcasting station. At ten o'clock there was a broadcast from Smolny announcing the insurrection and in the afternoon the Soviet Congress met and was carried away by a speech from Lenin justifying the insurrection and explaining the aims of the Revolution. Later in the afternoon the troops in the Peter and Paul fortress went over to the Bolsheviks, and in the evening when the Provisional Government tried to cut Smolny out of the telephone system the attempt was easily resisted and the men who were sent to arrest Lenin were themselves quietly arrested. There remained only the Winter Palace, the Government headquarters where the Kerensky Cabinet was in session. It was surrounded by Bolsheviks and by a huge crowd of nondescript spectators. In the dark someone opened a back door and the crowd began to surge in till all was confusion inside; the Provisional Government melted away. Soon after midnight the Bolsheviks were in complete control of the capital. So little blood had been shed that the foreign Pressmen in Petrograd could not realize that anything important had taken place.

The insurrection spread to Moscow; here there was fighting, but it was soon ended and the Soviets and the Bolshevik Party took control of the city. It spread to the country districts. A decree of Lenin had given the land to the peasants; they raided the manor houses, set up Soviets, divided the land among themselves. Later the Bolshevik Government were to suffer for this step, were to regret that they had not nationalized the great farms instead of allowing them to be partitioned into uneconomic holdings by incompetent peasants. But in 1917 there was really no alternative: only by satisfying the peasants' land hunger could they be won over to the Revolution.

Satisfying the food hunger of the town workers was a more difficult matter. The economic system of the country had broken down under the pressure exerted by Kerensky in organizing the summer offensive. The Bolsheviks had to confiscate supplies and ration them out to workers, improvising a system on the lines of those already in operation in other belligerent countries.

*The Treaty of Brest Litovsk.* The greatest of all Lenin's difficulties was the war. Somehow the mad loss of life on the German front must be stopped. An armistice was signed on December 15 and Trotsky was



sent to Brest Litovsk to negotiate a treaty. The delegates of Imperial Germany knew that the Bolsheviks' surrender was unconditional. Trotsky had no bargaining power; he had only his own superb effrontery and rhetorical talent. He kept the Conference alive, arguing and procrastinating while the Press of the world was filled week after week with reports of his speeches. After Brest Litovsk the world was no longer able to ignore the aims and achievements of the Bolsheviks.

At last the evil hour could be postponed no longer: the German terms must be accepted or Russia would be further invaded. The terms were terrible: the surrender of Armenia, of the Ukraine, and of all the Baltic States—in other words Russia was to be deprived of a quarter of her population and of her rich farm lands, a third of her factories and three quarters of her iron industry and coal-fields. The Bolsheviks wanted to refuse to sign, but Lenin knew that no price was too high to pay for peace; he also knew that Germany would not be strong enough to enforce her terms. By a great effort he secured a majority of one for acceptance. A few months later Imperial Germany collapsed and the treaty was a dead letter. But by that time Russia had lost Finland, Estonia, Latvia, Lithuania and a large part of Poland. These she has never regained.

*The Civil War.* Peace with Germany meant war with the Allied Powers. The Allies had huge ammunition dumps in Russia; they could not stand by and watch these fall into German hands. What is more, they had huge investments in Russia, and the new régime had repudiated the debts of the old; the fortunes of thousands of British and French shareholders depended on the overthrow of the Communists. So the Allies got into touch with the counterrevolutionary leaders, and sent them reinforcement. No one doubted that the Communists would be defeated. In 1918 every hand was against them. In the west there were armies of 75,000 Poles and 70,000 Rumanians, to say nothing of a German army which had set up a Cossack Government in the Ukraine with the intention of making it an independent State under German tutelage. In the north there were 14,000 British and counterrevolutionary (White) troops round Murmansk, and 32,000 round Archangel. In the south, French troops were massing in Odessa

and round Batum and a White army under General Denikin was besieging the industrial towns of the Don. In the east, White Russians held the line of the Urals, helped by 55,000 Czechs. These Czechs were in arms on Russian soil at the time of the Revolution; the Bolsheviks had promised them a safe conduct home by the Far Eastern route, but when it became obvious that their arms would be used by the White forces the promise was withdrawn. The Czechs found themselves scattered in a hundred and ninety trains along the length of the Trans-Siberian railway. They determined to fight their way home; thanks to them the White Armies kept control of the railway. Away in Siberia Admiral Kolchak was organizing the White Armies; he was in touch with the Japanese who were pushing westward from the Pacific Coast and was helped by British and Americans, the latter having undertaken to clothe and equip 100,000 of his troops.

The Bolsheviks' position appeared hopeless, but it was not so bad as it seemed. The foreign Powers, after raising the hopes of the Whites, began one by one to desert them. The defeat of the Germans in Western Europe entailed the withdrawal of their troops from the Ukraine and the collapse of that new-born Republic. The French now hoped to make the Ukraine a French protectorate and the Black Sea a French lake, but in April 1919 orders came from Paris for the French forces to evacuate Russian territory within three days. Before they left, the French had time to destroy thirty White submarines, to prevent their falling into the hands of the Bolsheviks, or — incidentally — of any other Russian Government. The British were the next to desert their White allies; very successfully the British troops, which had been increased to twenty-eight thousand, evacuated North Russia in the autumn of 1919. The only army of a major foreign Power now left in Russia was that of the Japanese, and they were obviously more intent on seizing Vladivostok, and the Chinese Eastern Railway, than on co-operating with Kolchak.

Now it was a straight fight between the Bolsheviks and the White forces. In June 1919 Trotsky had been put in command of the Red Army. He was no soldier, but he had a genius for organization. Out of the remnants of the old Imperial Army, out of factory workers and peasants, he created a force that was worth the name "army." Its numbers were estimated at 400,000, which included 30,000 ex-Imperial

officers. He had war material and munitions in plenty; the difficulty was in finding transport—the railway system had crumbled under the strain of war. Yet somehow Trotsky got his men into position and succeeded in conducting a war on sixteen fronts. He himself spent two and a half years in the train which was the Red General Headquarters, dashing from front to front with news, plans, equipment and encouragement, and with the incalculable restorative force of his own personality. "Lenin," wrote Lunacharsky, "is perfectly fitted for sitting in the President's chair of the Soviet of People's Commissars, and guiding with genius the world revolution, but obviously he could not handle the titanic task which Trotsky took upon his shoulders, those lightning trips from place to place, those magnificent speeches, fanfares of instantaneous commands, that rôle of continual electrifier, now at one point and now another of the weakening army. There is not a man on earth who could replace Trotsky there." Not all the Soviet leaders were loyal to the Commander-in-Chief: Stalin disapproved of his use of ex-Imperial officers and urged Lenin to recall him, but Lenin gave Trotsky full backing.

In 1919 the White offensive began. Before the spring came, Kolchak began his drive towards Moscow. In the summer Denikin advanced from the south until a third of Russia lay behind his lines. In the autumn Yudenitch was advancing from the White Sea on Petrograd. Lenin was for abandoning the city, but Stalin succeeded in scraping together an army and Yudenitch turned tail: by February 1920 the Reds were in possession of Murmansk and Archangel, where they executed five hundred White officers and buried them in a common grave; Yudenitch escaped with his private fortune in a British ship. In the same month Kolchak was captured and shot. Denikin's offensive had no greater success; his far-flung lines were pierced and soon nothing was left of his army but a sorry detachment under Wrangel in the Crimea.

The White generals had failed; divided command, mutual jealousy, half-hearted foreign allies and contradictory aims had ruined their cause. The Red Army had the advantage of a single command, of fighting on inner lines and, above all, of a crusaders' enthusiasm for a new social order.

In the spring of 1920 there remained in the field only one powerful

enemy of the Soviets: the Poles. The two best generals which the Red forces had produced, Budenny and Tukhachevsky, were sent against them, but in May Pilsudski captured Kiev and in June he drove Budenny's cavalry out of the Ukraine. The Communists rallied and began a great drive on Warsaw: Pilsudski saved his capital in August and drove Tukhachevsky back by "carrying through a manœuvre so dangerous as to necessitate not only genius but heroism." The Reds lost 150,000 men in two months. In October 1920 peace was signed with Poland. Communism had emerged victorious from the Civil War.

*War-Communism.* The Allied troops came home with shocking tales of the barbarity of their enemies. They had no admiration for their White allies, whose cruelty was as unforgivable as their incompetence, — "The deeds of the two White chieftains, Atamans Semynov and Kalmykov, would have done credit to Genghis Khan," wrote the historian of the White Armies, — but for the barbarity of the Reds no words were strong enough. All the old stories of prisoners tortured, women raped and babies butchered, which had been told of the Bosches in 1914-1918, were told again now of the Bolsheviks. This time there was some truth in them. The Bolsheviks in their Revolution, like the French in theirs, used Terror as a weapon. In September 1918 an Extraordinary Commission for Combating Counter-Revolution (Cheka) was set up on the lines of the Tsarist Ochrana. Soon it had agents and spies in every part of Russia and everyone who could not prove himself a sincere revolutionary was liable to be shot. The numbers of those who died in the Red Terror can never be known, and for that reason they will always be exaggerated; the least incredible estimate is that which puts the number officially executed in 1918-1919 as 70,000.

To win the war the Bolsheviks had resorted to a system of general conscription which they called "War-Communism." It bore no relation to Communism, the system which they hoped ultimately to establish. Under Communism there would be no class distinctions, no dictatorship. Under War-Communism, dictatorship was carried to its farthest extreme. All supplies were declared State property and one economic function after another was brought under the control of the Government. Foreign trade was taken over by the State, debts

were repudiated and private property nationalized, the grain of the peasants was requisitioned on the payment of nominal sums and on pain of death. By July 1918 the system was complete. Thanks to it, the Bolsheviks were able to win the Civil War; but it lost them the support of the peasants, who had not evicted their landlords in order to put in their place taskmasters a thousand times more severe. The peasants suffered atrociously. It is estimated that ten millions died of starvation in 1921 when the harvest was ruined by an unprecedented drought. They began to slaughter their cattle and to refuse to sow the spring crops. Outbreaks against the Bolsheviks occurred in various places in the spring of 1921 and spread even to the sailors of Kronstadt who had been among the first supporters of the Revolution.

*The New Economic Policy.* Lenin had no alternative but to abandon War-Communism and to re-introduce part of the old capitalist system of private trading. Step by step, and against the opposition of most of his own supporters, who protested that this was contrary to orthodox Marxism, he introduced the New Economic Policy. Compulsory grain collection from the peasants ceased, instead they were asked to pay a definite tax in kind and were allowed to sell their surplus products in the open market as of old; Government control of industry relaxed, small firms began to manufacture for profit in the old way and concessions were allowed once again to foreign companies; the great industries were encouraged to organize themselves into Trusts and were allowed to manage their own affairs, subject to a vague supervision by the Supreme Economic Council of the Soviets to which they handed over any profits that remained when they had set aside reserves for development work and for a new standard of welfare for their workers. Distribution by private agencies on a profit basis was allowed to begin again, and a new currency based on the *chervonetz* was put into circulation in place of Tsarist roubles and the ration cards of the War-Communism periods. But here as in industry the N.E.P. did not involve a complete return to competitive capitalism. The Government encouraged Co-operative Societies for distribution and soon these grew to enormous dimensions with their own factories at home and agencies in foreign countries. Finance too was under Government control; *Gosbank*, the State Banking Institution, was set

up in 1921 with control over the other banks and financial agencies of Soviet Russia.

The N.E.P. was even further than War-Communism from the Marxian ideal. Private capitalists (Nepmen) grew rich on inordinate profits. Clever peasants added acre to acre and herd to herd until some were as wealthy, and employed as many laborers, as the old landlords; the villagers were dividing themselves into two classes, "Kulaks" or rich peasants, and "Bedniaks" or paupers. The Government tried to level the classes by heavy direct taxation, but this method made enemies and brought in little to the treasury. Yet the N.E.P. served its purpose well; it was intended to give a breathing space while the Bolsheviks laid their plans and organized their forces for a drive towards State-Capitalism, which was to be the next step towards the Communist goal. The country recovered from the famine of the Civil War years, the peasants lived well and in the towns there was food for all who had money to buy. The export trade of Russia picked up again, rising in value from 1.4 million roubles in 1920 to 20.2 million in 1921, 81.6 million in 1922, 205.8 in 1923. Economic recovery had been achieved. The Communists were established in power; it remained to establish their Revolution.

## II · THE UNION OF SOCIALIST SOVIET REPUBLICS

IN 1923 the new political Constitution was proclaimed. Instead of an Empire ruled by a Tsar and an aristocratic caste, Russia became a confederation, a Union of Socialist Soviet Republics. The confederation included seven Republics: a few words about each are necessary to give some idea of the immensity and diversity of the Soviet Union.

*The Republics.* By far the biggest unit is the Russian Socialist Federated Soviet Republic. It stretches from Smolensk to the Pacific, from Leningrad (Petrograd) to the Caucasus; and it comprised, at the census of 1926, over a hundred million inhabitants. Within its boundaries are seven "autonomous States" ranging in size from the vast Yakut Republic in Eastern Siberia to the tiny Crimean Republic, and in character from the Oriental Buriat-Mongolian Republic to the German Republic on the Volga which includes the descendants of the German colonists who were settled there by Catherine the Great in the eighteenth century.

Bordering on the capitalist States of Europe are the White Russian S.S.R. with nearly five million inhabitants, and the Ukrainian S.S.R. with nearly thirty million. The Ukrainians are not truly Russian in race or language and are not conspicuously Communist in conviction. It might be thought that the best solution would be for them to become an independent nation, but the land they inhabit is so fertile and so rich in minerals that it has always been the object of jealousy on the part of neighboring States. At the close of the World War, Germany and France, Poland and Rumania, as well as Russia, all had designs upon the Ukraine. The capital, Kiev, and most of the territory was conquered by the Red Army, and the Ukrainian S.S.R. was set up. Conquest has been justified by the fact that the Ukrainians in the U.S.S.R. have fared much better than their brothers in Poland and in Rumania.

The Transcaucasian S.F.S.R. is equally un-Russian in race and

language. It includes Azerbaijan, Georgia and Armenia, three distinct nationalities. In each area there was a movement for independence when the Tsarist and Ottoman Empires broke up under the strain of war. But like the Ukraine the Transcaucasian countries were far too rich to be allowed independence by the Great Powers: Georgia has some of the most valuable manganese deposits in the world, Azerbaijan includes the oil region of Baku. Like the Ukraine, the Transcaucasian peoples were conquered by the Communists and if we compare their subsequent treatment with that accorded by the capitalist Powers to the Kurds of Mosul we cannot greatly regret the conquest.

The three remaining Republics of the U.S.S.R. are less important. The Uzbek S.S.R. covers the mountain region north of Afghanistan, the Turkoman S.S.R. marches with Turkey and the Tadzhik S.S.R. with British India. They are remote from Moscow in every sense, their country is mountainous, their habits barbarous and their religion that of Mahomet. It must go to the credit of Moscow that there are tribes in Afghanistan and Persia and in the Northwest Province of British India who are envious of their lot.

The Tsarist régime had attempted to iron out all national differences, the Soviet régime encouraged them. Each of the Republics and their component States has cultural autonomy, the right to use its own language and to manage schools, public health, and the Press on its own lines and under its own control. There is nothing in the Constitution of 1923 to prevent a member-Republic from seceding from the U.S.S.R., just as there is nothing to prevent a neighboring State, such as Finland for instance, or Turkey or Chinese Mongolia, from joining it. But in practice it may be doubted whether secession would ever be permitted. The Soviet Union has gone a long way to solving the nationalist problem; it has not yet solved it. Nation groups are allowed to preserve their own culture, but they must develop their economic resources for the good of all. Their relation to Moscow may be compared, very roughly, to that of Wales to London: the Welsh have their own University and their own Church, their language is taught in the schools and broadcast on the radio, but their coal-fields are developed in the interests—more or less—of Great Britain and their prosperity rises and falls with that of the United Kingdom.

The binding force of the Union was not identity of race, but com-



mon allegiance to the creed of Marxist Communism. According to that creed the most deadly sin was to exploit the labor of other men for one's personal profit; the cardinal virtue was to work for the common good. With Communism as their religion and Marx as their Bible, the Bolshevik leaders built up a political order from institutions which were native to the Russian people.

The basis of the whole structure was the Soviets, or elected Councils with legislative and executive functions which had existed in the villages of Old Russia in the form of the *Mir* and had been extended to industrial areas during the Revolution of 1905. Under the Constitution of 1923 the Soviets became the unit of local government in each of the tens of millions of villages and the hundreds of thousands of factories throughout the Union. These local Soviets elected representatives to form district or city Soviets, the districts and cities elected members of provincial Soviets and the provinces elected the governing bodies of the autonomous Republics. Finally the Republics sent representatives to the all-Union Congress of Soviets.

This last body was far too unwieldy to act as an efficient legislative assembly. It included two thousand members and met only for a week or two every two years. In fact, it did little but delegate its powers to a permanent parliament of two houses—the Union of Soviets and the Soviet of Nationalities. These in their turn delegated their powers to a Cabinet known as the Council of People's Commissars.

*The Communist Party.* No country's political system can be understood by a mere study of its written constitution. The Communist Party was not mentioned in the Constitution of 1923, yet in fact it exercised, and has continued to exercise, a dictatorship over the whole Union. It is not a political party in the parliamentary sense; it is a society of devotees to whom the nearest parallel is the Society of Jesus. The Communists, like the Jesuits, are carefully selected, serve an arduous novitiate, take vows of poverty and obedience. Their numbers vary, but two million—or one in every eighty of the population—may be taken as an average. They are recruited sometimes from adult workers, who offer themselves for membership and survive a preliminary examination and a period of probation, more usually from the *Komsomols*, or junior branches, which include people from the age of

sixteen to twenty-four and which in turn are largely recruited from the Pioneers, the children's organization. The discipline of the Party is unbelievably strict: a high standard of personal behavior and of service is demanded, a low salary insisted upon, and at frequent intervals the records of members are examined and the weaker brethren expelled. No other party is allowed to exist.

In applying the principle of a priesthood to the government of a State the Bolsheviks made their most original and significant contribution to the science of politics. The idea was copied by the Fascists of Italy and the National Socialists of Germany, and there is no nation to-day which can altogether ignore the possibilities of its application to their own political systems.

In theory, there was no reason why the Communists should have power in the Soviets, but in practice they invariably did. The Communists were the keenest public servants, and it would be unthinkable not to elect at least one or two to every local Soviet — especially when it is remembered that voting was not secret but open. The Communists were naturally strongest in the towns, and the town people were given much stronger representation on the higher Soviets than their population warranted; so the Communists were particularly numerous in those higher bodies. Public administrative appointments had also to be given largely to Party members, since they more than anyone else had fitted themselves by voluntary training and discipline for such positions. And so it came about that the real legislative body in Russia was not the Council of Soviets but the Congress of the Communist Party, and the real executive was not the Central Executive Committee but the Communist *Politburo*. Stalin holds no official post but that of secretary to the *Politburo*, yet he is in fact dictator of the U.S.S.R.

*Democracy or Dictatorship?* In its actual working, the Constitution of the U.S.S.R. is both more democratic and more dictatorial than the above description suggests. Certain institutions which have been created spontaneously by the will of the people play a tremendous part in the life of the Union. Since the period of War-Communism the general control of industrial policy has been exercised from above, by the factory managers, the company trustees and the Government.

But the trade unions which were formed in Tsarist days have grown in strength until they have come to take over the work of the Ministry of Labor and so to be a part of the Government machine itself. The Consumers' Co-operatives too have grown, from a position no more important than that of the Co-operative Societies in Great Britain, to the point of controlling the greater part of retail distribution.

A more interesting democratic organ is that which for want of a better name is known as the Collective. In every factory and mine and workshop, in every ship and big farm, in every college and public institution, a workers' committee forms itself by some means amounting to election; these committees or Collectives speak in the name of the whole body of workers and hold themselves responsible for discipline and for the maintenance of the *esprit de corps* of the institution. They criticize the work of the laborers and of the managers, pillory the slack and praise the efficient, they suggest improvements in the methods and conditions of the work and suggest modifications in the Plans sent down by the Government. Their functions are difficult to describe and their importance difficult to exaggerate. The nearest parallel to the Collectives in the Western world is not a very well-known one: they are what the body of prefects is in a British public school.

Over against these democratic organs and the comparative autonomy of the Republics must be set one instrument of dictatorship whose work has shocked the outside world into ignoring almost everything else, good or bad, in the Soviet Union.

The Constitution of 1923 established a United State Political Department (OGPU) to take the place of the Cheka and to "combine the revolutionary efforts of the united republics in the fight with political and economic counterrevolution, espionage and banditism." The OGPU had a great central office (*Lubianka*) in Moscow; it had troops of its own, general control over the police forces of the Union and rights of interference in the autonomous Republics which were denied to the official Central Government. Its officials had extraordinary privileges — special shops which were always well-stocked, special compartments on every train — and most extraordinary powers. In every corner of the Union and in every walk of life there were secret agents who were scared into spying on their neighbors and acting as in-

formers on their friends by threats of conviction as counterrevolutionaries. When a culprit had been convicted by the OGPU the usual punishment was solitary confinement followed by a term of compulsory labor. It has been estimated that 250,000 political prisoners were forced to work on the construction of the White Sea Canal.

Horror of the *Lubianka* and exaggeration of its cruelty are even more general inside the Soviet Union than outside. Allan Monkhouse, who was himself a victim, may be quoted in evidence of that:

In Moscow one frequently hears fantastic tales of physical tortures to which the OGPU are reported to subject their victims. Many of these alleged tortures completely eclipse the horrors of the Spanish Inquisition, but it is my own conviction that such methods are not used by the OGPU and, in fact, I very much doubt whether many of their reputed victims are ever shot. The OGPU have a definite purpose in circulating such wild stories of their methods, and there is little doubt that, when they detain their own nationals for questioning and examination, the mere existence of these rumours is in itself sufficient to so terrify their victims as to make them comply readily with the examiner's demands without the OGPU officers themselves resorting to anything other than a little exaggerated politeness and firmness. Whether torture and the extreme punishment are used or not, one thing is certain, and that is that the OGPU have struck terror into the hearts of the whole populace. Every dweller in the Union walks in fear of those who preside at the Lubianka and their agents. The mere name of the OGPU is seldom referred to audibly and openly.<sup>1</sup>

*Lenin Dies.* Before the Constitution of 1923 was actually published the Russian Revolution had lost its guiding hand. Lenin had not made the Revolution—it would have happened if he had never lived—but he had led it. Under his guidance the old Russian Socialist Party had focused the opposition to Tsarism, under his guidance it had split and the Bolshevik faction had branched off to become a really revolutionary party. His genius had chosen the moment for insurrection, so happily that the capital fell into his hands without bloodshed. He, Lenin, had taken Russia out of Imperial war; he had won the peasants to the Revolution by giving them the land; he had steered the country through the period of Allied Intervention and of Civil War; and at

<sup>1</sup> *Moscow, 1911-1933.*

the end of it he had reversed the policy of War-Communism and by his New Economic Policy had saved Communism from a counterrevolution and the people from starvation. It was this last tremendous task that broke him. Ever since 1917 he had worked unremittingly, keeping the general line of Communist policy clear in his mind while he held together his group of quarrelling temperamental Commissars, waded through a mass of detailed work which would have overtaxed the energies of a whole department, and maintained a good-humored and intensely human relation with the thousands of men and women who came into contact with him. In appearance he was almost insignificant — a stout, unobtrusive little man with bald head and reddish beard, quiet and good-tempered in manner, neat and puritanical in habits — yet there was a spiritual force in him that made him stand out head and shoulders above his fellow workers. It was unthinkable that the Revolution should be without him, it was unthinkable that he should die. Yet he had been shot in 1918 and the assassin's bullet was still in his neck while he went on working year after year at a pitch which even an unwounded man could not keep up. In May 1922 he had a stroke, recovered, and in spite of the insistence of doctors that he should rest, went back to work. In March 1923 he had another stroke; this time the effects were more serious: Lenin was left with his right side paralyzed and the power of speech gone. There was no alternative now but to retire to the country. From his retirement he still dictated the main lines of policy, preventing Stalin from persecuting the non-Russian nationalities, guiding the New Economic Policy, persuading the Congress of Soviets to adopt the principle of State planning for industry. In January 1924 he died. Russia is still mourning him with a spontaneous and unflagging sincerity.

*Stalin versus Trotsky.* Who was to succeed Lenin? In the inner circle of the Communist Party four men stood out. Of these, three seemed to lack the qualifications for leadership. Zinoviev was a fine politician, Kamenev a magnificent orator, but both were unstable; Stalin, the Secretary of the Party, was stable enough but was unknown, "a useful servant," somebody said, "but no master." The fourth, Trotsky, was a born master. He was known all over the world as a writer and a war lord, as an orator and an organizer. Every Russian was familiar with

his fiery, brilliant personality and his portrait was hanging in millions of homes side by side with that of Lenin. Trotsky, everyone expected, would succeed to the leadership of Russia. But Trotsky had many enemies; he made enemies as naturally and as carelessly as Lenin made friends. Long before Lenin died Communists had been working to maneuver him out of position. In January 1924 the reins of government were taken over by a triumvirate of Zinoviev, Kamenev and Stalin. Throughout that year he was ill with some nervous disturbance that kept his temperature above normal and when he recovered, in 1925, his office of Minister of War was taken from him and he was given work in the electrification and scientific departments. Here he felt that he would have great scope: had not Lenin's formula been "Electrification plus Soviets equals Communism"? But the triumvirate seemed actually to be working away from Communism. The N.E.P. had brought foreign concessionaries back into Russia and had allowed individual traders (Nepmen) to make private fortunes. In the country districts the Kulaks were hoarding grain and evading taxation and were beginning to emerge as a new landowning class, hiring labor and growing rich as the old aristocratic proprietors had done. Trotsky accused the Party of aiding and abetting Kulaks and Nepmen. He accused them of aiming at State-Capitalism instead of at a permanent Communist revolution. Trotsky and his friends formed an opposition within the Communist Party. They took their stand on the old policy of revolution not only for Russia but for the whole world, with the old slogan "Workers of the World Unite."

Meanwhile Stalin was establishing himself at the head of the Communist Party. He saw clearly that the time for world revolution was not yet. Turkey had repudiated Communism, the British General Strike of 1926 had failed, the Chinese Revolutionary Party expelled the Communists in 1927. The Soviet Union had its own problems, problems so weighty that they could not be solved if energy were wasted in foreign intervention. Above all they could not be solved if there was dissension within the Party. Stalin soon outmaneuvered Zinoviev and Kamenev. Then, in 1927, he had Trotsky expelled from the Party.

The new Dictator of Russia was not a prepossessing character. He was a beetle-browed Georgian with a reputation for perseverance and

ruthlessness. Born in 1879, a cobbler's son, he had been intended for the priesthood but had been converted to Marxism at an early age and had become a disciple of Lenin, whom he had followed with the silent devotion of a dog until his master's death. It was Lenin who gave him the nickname of Stalin, "man of steel." The part he played in the Revolution of 1917 was insignificant, but during the Civil War he distinguished himself by organizing the defense of the city of Tsaritsin, which would otherwise have fallen a prey to the Whites (the town was later renamed Stalingrad); he fought against Kolchak in Siberia; he organized the army which saved Petrograd from Yudenitch and he drove Denikin from the Donets Basin by promoting a certain Sergeant Budenny to the head of his newly formed Red Cavalry. After the Civil War he worked on steadily and inconspicuously in the interests of the Party; when the Kronstadt sailors mutinied in 1921 it was Stalin who was sent against them and who placed the machine guns which forced their surrender. Lenin rewarded him with the post of Secretary to the Communist Party. The post had previously been offered to Trotsky, who refused it as giving too little limelight to his genius.

*Towards State-Capitalism.* Stalin worked steadily to bring the economic life of the country under Government control. Industry, by the N.E.P., was left in private hands. Gradually difficulties were put in the way of obtaining raw materials and the private producers began to combine in Trusts, and after a time the Trusts were amalgamated in nineteen great Syndicates controlling the greater part of Russian industry. When centralization had reached this point it was not difficult for the Government to assume control. It was found that the Syndicates had machinery for distributing their products which overlapped the similar machinery of the Consumers' Co-operative Societies, so the business of marketing was left to the Co-operatives and the Syndicates turned themselves into combinations confined to the business of planning and controlling finance and manufacture. A further step in centralization had thus been achieved.

Certain industries remained outside the Trusts but these soon began to come in. Small crafts and peasant industries were induced to join Producers' Co-operatives, through which they bought their raw materials and to which they sent their work for marketing; peasant-

manufacturers who persisted in selling their own products in the open market were in danger of being branded as Kulaks. In a similar fashion the old trade unions which had been formed under the Tsarist régime were expanded, by the grant of price reductions and other privileges to members, until they came to include the vast majority of industrial workers. The foreign companies who had been granted concessions under the N.E.P. were not encouraged to retain them; instead foreign firms were invited to import machinery and to sign technical aid contracts to supply engineers and expert supervisors to set up and run the machines under the Soviet system.

The N.E.P. began to emerge as a system of State-Capitalism. But in certain essentials the system differed from that of any country which can be called capitalist. The whole conception of profit was different. Under the Soviet system all profits were handed over to the State and the State returned only 12½ per cent of the sum for the disposal of the Trust. The whole conception of price was different: instead of leaving prices to be fixed by the "eternal and immutable law of supply and demand" or by agreement among employers, the State undertook to fix prices. In some cases the price fixed was below cost of production; in most cases it was far above, in order to leave profits for the State. In this way high prices formed an indirect tax paid by the consumer, though it must be added that grants paid out by the State to industry amounted in many cases to much more than the profits paid in.

Within the factories themselves a strange method of control had come into being. Direct control lay with the manager and directors of the Trust, who might or might not be Party members. On the other hand some degree of control lay with the Collective. When disputes arose between the management and the Collective there was a third body to be consulted: the factory branch or cell of the Communist Party, whose business it would be to remind both managers and workers of their mutual duty to the interests of the Revolution as interpreted by the Communist Party.

All this was a long way from Socialism. A decade after the Revolution the Bolsheviks had got no further than overthrowing the capitalist State and putting a Bolshevik dictatorship in its place. The Revolution was proceeding on lines very different from those contemplated



by Marx, who had expected it to take place first in a developed country like England rather than in a backward country like Russia, and who had imagined that it would spread rapidly over the industrialized world. At the end of 1927 there was little life in Communism outside the Soviet Union.

Within the Union, Marx' works were read like a Bible. His *Communist Manifesto* of 1848 was the gospel of the Russian Revolution, as Rousseau's *Contrat Social*, written a hundred years before, was the gospel of the French Revolution. Lenin had established himself as the inspired exponent of Marxism. The struggle between Stalin and Trotsky took the outward form of a fight between two interpretations of Marxism and Leninism. The victory of Stalin meant that Stalin's interpretation was taken henceforth as orthodoxy, and doubts as to the directness of its inspiration constituted heresy, which was as deadly a sin in Soviet Russia as in Medieval Christendom.

### III • THE FIVE-YEAR PLANS

THE Communist leaders had known from the beginning that unless they could organize Russia's natural resources they would be at the mercy of the capitalist Powers. "If we are not able to organize our heavy industries," Lenin had said, "then as a civilized State, let alone as a Socialist State, we will perish." He had made the development of electric power one of his first objects, setting up a State Commission for the Electrification of Russia in 1920 and conducting untiring propaganda for electrical development.

Nothing came of these schemes during his lifetime, but the idea of the necessity of industrial development took root in the Communist mind, and in 1925 the first machinery for State economic planning was put into operation. Each factory, mine and Trust was asked to prepare annual estimates of their production and capacity. These estimates were checked and corrected by the Economic Councils of each of the respective Republics which then submitted them to the various departments of the Supreme Economic Council of the U.S.S.R. — a body which was in fact the Council of Commissars. There was then instituted a body of experts — numbering some seven hundred in all — known as GOSPLAN, whose function it was to correlate all the plans, weld them into a practicable industrial scheme for the whole Union, and submit them again to the Supreme Economic Council. The latter would then confirm the State Plan and send the figures back to the mines, factories, and so on, as their objective in production for the coming year.

By 1928 this machinery was in working order. Stalin had now got rid of Trotsky and of all other opposition within the Party ranks; he was now able to launch a great economic offensive with a threefold object. The first was to make the Soviet Union self-supporting: "We must," he said, "undertake the transformation of the U.S.S.R. from an agrarian and weak country dependent upon the caprices of the

capitalist countries into an industrial and powerful country quite independent of the caprices of world capitalism." The second was to reorganize the agricultural system on the basis of large mechanized farms instead of small peasant holdings. The importance of this was political as well as economic: not only would it increase agricultural production, it would also eliminate the peasant proprietor who was a natural enemy of Communism. The third object was to teach the peasants and workers of Russia to read and write; quite apart from the cultural advantages of literacy, a certain standard of education was necessary if the people were to be able to play their part in an industrialized State.

*The Plan in Industry.* The scheme seemed fantastic in its immensity, but the figures were ready, the maps prepared and the Communist Party drilled to perfection for its coming economic offensive. The first campaign was called "The Five-Year Plan" and was launched on October 1, 1928. Listening to the Party orators who harangued them in every spare minute, the workers were at first skeptical. They were asked to subscribe a week's wage, a month's wage to the State Loan which was to form the initial capital of the venture, for the Soviet Government was not in a position to raise loans abroad as other backward countries could to finance economic development. Gradually the idea took hold of the people. Russia, after all, was in peril, the capitalist Press was fulminating against her, hinting at armed intervention, attempting boycott. An attack of war fever seized the workers and they set to work to fulfill the Plan in the spirit of soldiers defending their fatherland. They subscribed to the State Loan, they worked overtime without additional pay, they ostracized slackers, they competed with the workers of other factories in reaching the production figures of the Plan, they prepared Counter-Plans in which they undertook to exceed the control figures. The Communist Party took every advantage of this *élan* and kept it alive with the utmost ingenuity. It was announced that the *tempo* would be increased and a new slogan, "The Five-Year Plan in Four," appeared all over the country, urging the fulfillment of the Plan by the end of 1932. Prizes were offered for keen workers in the form of a decoration and the title of Shock-Worker which carried with it extra rations, holidays at the

seaside and free passes on the railways. The Plan swung forward on the crest of a great Union-wide effort of workers.

Foreign powers were skeptical. There was something ridiculous about the Russian bear going through the antics of industrialized Americans. But they lent their best engineers and industrial experts and soon reports came in that the Plan was succeeding. A great electric power station sprang up at Dnieprostoi where by a marvelous feat of engineering the river was dammed to turn giant turbines. Away in



the Urals a new town, Magnitogorsk, arose, with accommodation for 180,000 workers, and a huge new steel plant began working in full blast, with coal brought from the Kuznetsk mines, two thousand kilometres away. At Stalingrad engineers from Detroit were supervising a new factory capable of turning out many thousand tractors in a year. Away in Transcaucasia the oil-industry transformed itself, sweeping away the old small proprietors and the slums where they had housed their workers in Baku. A new pipe-line six hundred miles long was laid to take the oil products to Batum on the Black Sea. In Baku the workers lived a new life, housed in a garden city on the hill above

the town, taken to and from work in an electric railway, provided with water from new reservoirs ninety miles away in the Caucasus, and with clubs, schools, hospitals and facilities for decent recreation.

These four examples give little idea of the extraordinary results which the first Five-Year Plan attained in heavy industry. The usual way of describing those results is by statistics,<sup>1</sup> but these are notoriously untrustworthy. Every unit was naturally anxious to make its output look as high as possible and every method, including flagrant falsification, was used to exaggerate them. A tractor, for the purposes of statistics, is a tractor whether it will go or not. A ton of steel is one ton of steel at the factory, one ton of steel when loaded on the railway, and one ton of steel when unloaded: that is, sometimes, three tons when the figures appear. In estimating the result of the Five-Year Plan in industry, only a vague conclusion is possible. The Soviet Government had, on the whole, achieved its object. In five years it had carried out an industrial revolution such as capitalistic powers had taken a generation or more to achieve.

The Plan involved also a revolution in commerce. In 1928 a quarter of the retail trade of the Soviet Union was still in the hands of private dealers. The Government was determined to force them out of business by encouraging the development of three types of communal trading organization. The first was the Consumers' Co-operatives: their turnover was doubled by the Plan, and in 1932 they were distributing

<sup>1</sup> *Results of the First Five Year Plan in the U.S.S.R.* (according to League of Nations' *World Economic Survey*, 1933-34).

PRODUCT	UNIT (000,000's)	1927-28	PRODUCTION IN 1932		
			Planned estimate		Actual result
			Original	Revised	
Coal . . . . .	tons	35.4	75 0	90.0	64.2
Petroleum . . . . .	tons	11.6	21.7	28.0	22.2
Cast iron . . . . .	tons	3.3	10.0	9.0	6.2
Steel . . . . .	tons	4.0	10.4	9.5	5.9
Rolled steel . . . . .	tons	3.2	8.0	6.7	4.2
Machinery . . . . .	roubles	1,822	4,688	6,800	7,361
Cotton fabrics . . . . .	metres	2,695	4,670	3,061	2,550
Boots and shoes . . . . .	pairs	23	80	92	80
Electrical energy . . . . .	kilowatt-hours	5,050	17,120	17,000	13,100

55 per cent of all the retail goods in the U.S.S.R. The second in importance was the State shops: their turnover was increased fivefold under the Plan until in 1932 there were 70,000 State shops open. Thirdly there were the workers' supply departments attached to large industrial concerns through which the workers could obtain commodities through special ration-cards.

In this connection it is worth noting the large degree of inequality still preserved and actually encouraged at this time in the Soviet Union. Manual workers got specially large rations, trade union members had access to special shops where prices were low, sedentary workers got small rations, and nonworkers, Kulaks and Nepmen got no rations at all and had to beg or buy what they could in high-priced shops—being disenfranchised they lost their ration-cards as well as their vote. For foreigners there were special shops where only gold or foreign currency was accepted; these shops were always well stocked, while the shops open to Soviet citizens were often empty or supplied only with the most wretched goods. It was considered necessary to win foreign good will and to accumulate foreign currency at all cost. A further instance of inequality was in wages which at this time varied according to the value of the work to the community. The incentive of higher wages and higher rations was still thought necessary to urge individuals to greater effort even after a clear decade of Communist rule.

*The Collectivization of the Peasants.* In agriculture the Plan was less successful than in industry. Eight out of ten of the people of the Soviet Union were peasants. They had been allowed to seize the land at the Revolution and had settled down, after the trials and horrors of famine and Civil War, to the hard but satisfying life of peasant proprietors. In 1927 there were no less than 25 million peasant farms. The average holdings were very small and most uneconomic, the methods of cultivation were primitive and the peasants themselves, who had been left in peace except for visits from Government grain collectors, and had enjoyed comparative prosperity since the N.E.P. had been introduced, were averse to all change; they formed a vast conservative majority within the Communist State.

Now Lenin had not given the land to the peasants on principle.

He had allowed them to seize it because he knew that it was the only way of exterminating the landed gentry and of winning the peasants to the side of the Revolution. Every Communist leader had looked on the growth of the peasant landowning class with apprehension, seeing it as a potential force for reaction as dangerous as the peasant-proprietors of France and other capitalist countries. Russian agriculture could not reach a high productive level while the small peasant farm was the unit of production. And the Russian Revolution could not go on towards establishing the Communist State if the peasant-family held the land in full ownership. A new capitalist class had actually grown up on the countryside. The thrifty and intelligent peasants, whose crops and herds had thrived and who had saved their profits, were hiring poor peasants as laborers exactly as the old landowners had done. This Kulak class must somehow be destroyed.

The Communist Plan for agriculture was as follows. The farm unit must cease to be the unit of production. Two new units must take its place: the *Sovkhoz*, or State farm, in which the Government owned the means of production and provided the capital and the peasants worked as laborers in an agricultural factory, and the *Kolkhoz*, or collective farm, in which the peasants owned the land, beasts and instruments in common and divided the profits equally. There were several types of *Kolkhoz*, ranging from the *Tovarishchestvo* in which the peasants keep their own animals and tools and merely cultivate the land in common, to the *Artel* on which the peasant has no property but his cottage, garden and poultry, and the *Commune* or pure *Kolkhoz* on which even these are the property of the community. The managers of the *Kolkhoz* were to be elected by the members, either from the peasants themselves or from the experts which the Communist Party would send down from the cities.

At this point the Communist Party made a great mistake. The town worker, who had nothing to lose and who was subject to the fevers of herd psychology, had rushed enthusiastically into the Five-Year Plan. The Communists seem to have imagined that the peasants could be stampeded in a similar fashion. They sent propagandists round the villages preaching the gospel of collectivism. They sent collectors to ferret out hoarded grain, demanding from each village a definite contribution according to the Plan and hoping that the fu-

tility of storing up treasure upon earth would be borne in upon the farmers. They made it almost impossible for the peasant to sell his grain in the private market. In some cases they actually confiscated land and beasts and set up a *Sovkhoz*. But it was soon realized that direct compulsion was out of the question and the *Sovkhoz* was abandoned as a general model and all stress laid upon the *Kolkhoz*. There was no difficulty in persuading one type of peasant to join; the ne'er-do-well and the pauper were always willing to sign on, but the Kulak and the self-respecting *Ceredniak*, or fairly well-to-do peasant, stayed outside, he could see no advantage for him in equality. So the Communists began to turn the screw. In the winter of 1929 they launched a great campaign against the Kulaks.

It was almost a second Civil War, in which the enemy had no weapons and no foreign help. Kulaks were deported *en masse* to labor camps in the frozen north, or were driven out of their villages with their families and settled on marsh land where there was every probability that they would starve to death. In the first flush of eagerness for the Five-Year Plan young Communists turned war against the Kulak into war against all peasants who held back from the collective farms. Reluctant peasants were branded as Kulaks and suffered the Kulaks' fate, or else they let themselves be roped into the *Kolkhoz*, vowing to do no more than a minimum of work. From the richer agricultural regions a great cry went up against the Communist Party, against the Five-Year Plan. Reports reached Moscow that machines were being wrecked, cattle slaughtered and cultivation scamped. The position began to look ominously like that which had arisen towards the end of the Civil War period. Then it had been alleviated by the New Economic Policy allowing private trade, but there was no question of another solution of that sort now: the city workers were increasing rapidly in numbers and food had to be raised in the country to feed them; the output of small peasant farms would not be enough for that. Stalin was in a dilemma. With great skill and presence of mind he extricated himself from it. In March 1930 he sent the newspapers an article headed "Dizziness from Success," in which he upbraided the Party agents for exceeding their orders. They had forced peasants to join the *Kolkhoz* against their will: this must stop. They had set up *Sovkhozi*: this must stop. They had branded all well-



to-do peasants as Kulaks: this must stop. Stalin laid emphasis on the facts that membership of State farms and collective farms was voluntary; that the *tovarishchestvo* and the *artel* were the most suitable types of farm for the first years of collectivization; that the well-to-do peasant was the best type and must be clearly distinguished from the profiteer and the employer of labor.

The Communist agents took the lecture in good part; the discipline of the Party was too strict to allow of any other attitude. As for the peasants, they breathed a great sigh of relief; they cut the "Dizziness from Success" article out of the papers and treasured it as a talisman. Many of them walked out of the *Kolkhoz* (since there was to be no compulsion), but they soon came back again when they found that there was little provision for the marketing of private farmers' goods. The upshot of it all was that the collectivization movement went on, the spring sowing was done in time, and the harvest of 1930, thanks to favorable weather conditions, produced a record crop.

Stalin and his colleagues breathed again. But soon another crisis developed among the peasants. The great depression had set in in the capitalist world and world prices were falling rapidly. This meant that the Soviets had to export much greater quantities of grain and agricultural products to pay for the machinery which they had imported to carry out the Plan in industry. They had to increase their grain collections from the peasants. And the peasants, seeing this marketable surplus going to feed city workers and to pay foreign creditors, began another campaign of passive resistance. They deserted the farms and set out in thousands for Moscow and the great cities where there was food, they had heard, for everyone. Many that remained on the land slacked in their work, letting weeds choke their crops and machinery go out of repair: what was the use of slaving to produce a big surplus if the State confiscated it all?

This new crisis the Government met by intensive propaganda in the villages, by a system of rewards for industrious peasants, by liberal loans to the collective farms for amenities such as schools, club-rooms, cinemas, and finally by a passport system which discouraged emigration to the towns by depriving newcomers of access to the shops. When the first Five-Year Plan came to an end in December 1932 there was still discontent and a low standard of living among the

peasants, but the chief objective of the agricultural Plan had been attained: the Kulak had been destroyed as a class, and the peasant holding had disappeared forever as the unit of agriculture in the Soviet Union. Sixty per cent of the peasants were at work in State and collective farms.

*Education.* The whole Communist experiment must have failed if the people were allowed to remain illiterate. The Five-Year Plan set itself the colossal task of wiping out illiteracy. It succeeded, in spite of such formidable obstacles as the existence of sixty different languages within the Soviet Union. (Schools had to be provided for each language group. For instance, in Kharkov there were established schools teaching in Greek, in Armenian, in German and in Tartar as well as in Ukrainian and in Russian.) In 1914 seventy-three per cent of the people could not read; by 1932 the figure had been reduced to nine per cent. In 1914, 7,000,000 pupils were attending elementary schools and 500,000 secondary schools; in 1932 there were 19,000,000 elementary and 4,550,000 secondary pupils.

Literacy was not the only educational aim of the Plan: it was necessary also to train skilled workers for the new technical industries. For this purpose secondary schools (techniciums) were attached to factories, and students between fifteen and eighteen years of age spent part of their time learning theory in the classroom and part applying the knowledge in the shops. Schools were also established for adult workers and from these and from the technicum students might graduate to the technical high schools where the courses were of university standard.

The universities themselves have been most liberally treated by the Soviet authorities. The grants given to all forms of scientific research, from medicine to engineering, are perhaps more liberal than in any other country. And the humanities have not been neglected. The theological faculties have been abolished but study of archæology, languages, architecture and history have been given much more encouragement than in Tsarist days. It may be objected that the historical faculties teach nothing but Marxism and willfully misconstrue current conditions in capitalist countries. The Soviet reply to this is that in capitalist countries history consists of nothing but the doings of kings, priests and

soldiers and willfully misconstrues the development of "lesser breeds without the law."

Artists and writers found themselves in a strange position under the Soviet system. They were required to make their work in some way a reflection of the Revolution or else to abandon the arts as a means of livelihood. The prerevolutionary *litterati* were exterminated as a class, though a few, such as Gorky, found inspiration in the new system. At first it appeared that the Revolution would bring an artistic renaissance in its wake, for great work was produced in architecture, the cinema and the drama. Later the Soviet Government established an institution known as RAPP to censor artistic and literary productions and to allow nothing to appear that had not obvious propaganda value. RAPP was fatal to Russian art and letters; they showed no signs of revival until the RAPP dictatorship was ended by a decree of April 1932.

*The Second Plan.* In general the first Five-Year Plan had succeeded. There were certain obvious deficiencies: the quality of industrial goods was disgracefully low, the clothes and boots were shoddy and the light industrial products were every bit as gimcrack as the stuff turned out by Manchester and Birmingham in the early days of the English industrial revolution. The new machines were faulty and were shockingly misused by untrained mechanics who were accustomed to no tools more complicated than the hoe and the hand-plow. But no one could have expected that highly-finished products and skilled mechanics could be turned out under the frantic pressure of those four years. A more serious shortcoming of the Plan was the inadequacy of the provision for transport. Not nearly enough money was allocated to building new roads and railways. The great steel industry of Magnitorgorsk was linked to the civilized world by nothing but a single-track line. Another serious blunder was the shortage of housing accommodation in the older cities. In Moscow over 30 per cent of the inhabitants were living five to a room in 1925, and although under the first Plan twenty million pounds were spent on housing in Moscow, the increase of the city's population was such that conditions of shocking overcrowding continued. Finally there were two general criticisms to be made of the Plan's achievements. The collectivization

campaign had alienated the sympathy of the peasants and the concentration upon turning out capital goods had led to a shortage of goods for consumption and a low standard of living all over the Union.

The second Five-Year Plan (1933-1937) was designed to remedy these defects and to carry the Russian industrial revolution and the establishment of a classless society one more stage forward. According to the proposals submitted to the Seventeenth Congress of the Communist Party the aims of the Plan were to be:

(1) The production of consumers' goods to be trebled as compared with 1932.

(2) The trade turnover to increase from two and a half to three times.

(3) Prices to be reduced from 35 to 40 per cent.

(4) Communal feeding to serve two and a half times as many workers and peasants as served hitherto.

(5) Real wages to be increased 2.1 times.

(6) The network of the State and Co-operative shops to be increased by 37 per cent.<sup>1</sup>

The second Plan, like the first, was generally speaking a success. During the years when the capitalist world lay in the grip of the great depression, Soviet production was increasing rapidly and every concern in the Union was working at full pressure. The private trader, the profiteer and the speculator had disappeared from the towns, and in the villages too the danger of his activities was so far past that in October 1934 Stalin was able to issue a decree restoring citizen rights to the outlawed Kulaks. Great improvements were made in transport facilities, the most spectacular being the White Sea-Baltic canal, the Volga-Don canal, and the Moscow Underground Railway. Much greater improvements were made in the quantity and quality of goods available for consumers. Every foreign observer was struck by the disappearance of food queues and special shops, by the better-fed and better-clad appearance of the people. The difference was especially noticeable in women's clothing. In the early days of the Revolution, when supplies were scarce, the Russians made a virtue of necessity and adopted puritanical principles about dress, the women despising smart clothes and sartorial fashions as "bourgeois"; but

<sup>1</sup> W. Nodel in *Supply and Trade in the U.S.S.R.*

before the Second Plan had run its course the women of Moscow were as "smart" as those of the working quarters of any European capital, and even cosmetics had lost their "bourgeois" taint and were flaunted on the lips of the most earnest young female Communists. Only in housing was the Second Plan a comparative failure. No amount of building activity was able to keep pace with the drift to the towns. In 1938 there was still shocking overcrowding in the older cities. The gigantic task of re-planning Moscow to accommodate a population of three million in comfort was to be the first objective of the third Plan.

The progress of the first Plan had been retarded by the economic depression in the capitalist countries; that of the second Plan was even most seriously complicated by the growth of Fascism abroad. The advance of the Japanese imperialists into Manchuria in 1931 had been a serious enough danger for the Soviet Union; the advent of the Nazis to power in Germany in 1933 was much worse. Stalin did what he could to make Russia's position secure by diplomacy: in 1934 the Soviet Union applied for membership in that very League of Nations which every Communist had abused since its birth. In 1935 a treaty was signed with France, that citadel of bourgeois capitalism. In 1936 the Communist parties abroad were ordered by Moscow to redouble their efforts to ingratiate themselves with moderate Socialist and Liberal parties, so as to strengthen the resistance of the Left to Fascism by creating Popular Fronts to overthrow "National" Governments by constitutional means. But diplomacy was not enough; the Soviet Union had to be strong. Enormous sums had to be devoted to armaments, and this inevitably meant a slowing-up of the productive program of the Second Plan. Russia was not in the position of capitalist powers who welcomed rearmament as a temporary cure for unemployment.

*The Purges.* The Russian revolutionaries had always feared a combined attack by the capitalist powers, and now that their neighbors were rearming under militant Fascist régimes the fear turned to panic. Within the Communist Party itself and among the highest placed officials of the Union there was increasing opposition to Stalin's policy of alliances with the capitalist democracies. "Old Bolsheviks" of the

so-called Right — men like Bucharin and Rykov — were increasingly jealous of the personal despotism of Stalin; “Old Bolsheviks” of the Left — especially Zinoviev and Kamenev — resurrected the old doctrine of Trotsky, the doctrine of World Revolution, and looked forward to a second world war as a necessary preliminary to the overthrow of capitalism abroad. Since open opposition was not tolerated in Russia, the critics were driven to underground plotting and sabotage. Detection, they knew, would mean death, for technically they were guilty of treason and Stalin had a reputation for striking hard — he had had 117 people put to death after his friend Kirov was assassinated in 1930; but they had taken these risks before 1917 and were prepared to take them again, in the same cause of international Communism.

For a long time Stalin held his hand. He knew that the leaders of the Ogpu were against him, and in 1935 he quietly transferred its functions to the Commissariat of the Interior. He knew that Zinoviev and Kamenev were plotting, and after their trial and condemnation in 1935 he allowed their death sentences to be remitted. But in 1936 it became obvious that the opposition had gone too deep for compromise: it was Stalin’s life or his opponents’, the security of the régime or the horrors of another revolution. At last Stalin struck. In the summer, fourteen of the best known Old Bolsheviks — including Zinoviev and Kamenev — were tried and shot. A few months later seventeen others, including Radek and Sokolnikov, suffered a similar trial and in some cases a similar fate. A purge of unparalleled terror was carried out throughout the high offices of the Union. But this was not all. In June 1937 the world was startled by the news that eight of the highest Generals in the Red Army had been court-martialed in secret and executed. They included Tukhachevsky, the hero of the Polish campaign and an ex-Commissar of Defense. Altogether, the purges left hardly a single leader of the 1917 Revolution alive.

The effect on the outside world was overwhelming. If the charges were true, if the confessions which each of the civilian prisoners made — of having deserved death by plotting with Trotsky to surrender Russian territory and overthrow the Communist régime — were not extorted under pressure, the men who had made the Russian Revolution and had guided the Soviet Union for the last twenty years were

incompetent and treacherous criminals. If the charges were false and the confessions faked, then Stalin was the most despicable tyrant since Genghis Khan, and the Red Army which the European democracies relied on was leaderless.

Inside the Soviet Union people were not worried by this dilemma. They were used to "purges," and they trusted Stalin — hero worshiping him as they had worshiped Lenin and other dictators before him. They went unshaken about their business, which was interesting enough since it involved the application of a new Constitution.

*The New Constitution.* The new Constitution, which passed into law at the end of 1936, showed a tendency to imitate those of the Western democracies. Instead of voting by show of hands, there was to be secret ballot; instead of indirect election from lower to high soviets, all assemblies were to be filled by direct election; instead of allowing town workers three times the representation enjoyed by peasants, rural and urban constituencies were to be of roughly equal population; instead of repression and espionage, citizens of the Union were to be allowed full freedom of speech. There was, however, another side to the new Constitution: membership of the Communist Party alone was recognized and, by implication, no other political parties might exist; "the overthrow of the power of the landlords and capitalist and the conquests of the dictatorship of the proletariat" were taken as accomplished facts, and, by implication again, any criticism of them would continue to amount to treason.

It is still too early to criticize the new Constitution of the Soviet Union, but whatever its tendency may turn out to be, it is certain that Russia has been reverting to the normal condition of countries in which revolution is a thing of the past. Gone, the "Anti-God campaign" of the early years; in 1930 Stalin ordered that no church should be closed unless an overwhelming majority of the parishoners desired it, and urged that insults to religious susceptibilities should cease. Gone, the sexual license which had so revolted the conventional outside Russia: in 1935 divorce on the demand of one party was forbidden, and in 1936 abortion was declared illegal and a comprehensive code drawn up stating the privileges and duties of married life. In the schools children were taught the virtues of cleanliness and of

obedience to their parents, and the evils of alcohol were insisted on in a manner which would satisfy the most ardent Temperance Leaguers. The Russian Revolution had outgrown its salad days.

*Achievements of the Revolution.* It would be diverting to read a history of capitalist opinion of Bolshevik Russia. Opinion has gone through three distinct phases corresponding to the three phases of Bolshevism. During the first period, that of the Revolutions and the Civil War, the Bolsheviks in capitalist eyes were, quite simply, the Devil. No story against Communists was too tall to be believed, no political outrage occurred in any country that was not imputed to Bolshevik machinations. The capitalist fear of Bolshevik plots was paralleled only by the Bolshevik fear of capitalist invasion. During the second period, which began with the N.E.P. and ended in about 1928, Bolshevism was still thought diabolical, but now it was also thought a failure. The Soviet Union had gone back to private trading, therefore their experiment had failed! But in the third period, that of the Five-Year Plans, the capitalist world began at last to accept the Russian Revolution. The Bolsheviks had not failed after all. And comparatively speaking they were not diabolical. The world had found new devils for its contemporary drama in the persons of Hitler and the Japanese.

There is only one criterion by which the achievements of the Soviet Union may be judged by the historian, and that is by comparing the Russia of today with the Russia of the past. Russians were under a dictatorship before 1917 and they are under a dictatorship today. But there is more liberty now than before the Revolution. Individuals no longer have the right to accumulate or bequeath private property, but they are guaranteed against exploitation at the hands of employers. Citizens no longer have the right to oppose the Government, but the national minorities may at least preserve their own language and culture and enjoy the same privileges as pure-bred Russians. There are still differences in salaries and privileges, but all careers are open to talent, provided that the talent is not anti-Communist. Students today are crammed with propaganda and their education amounts to little more than instruction, but in Tsarist days the privilege of being a student was reserved for a tiny minority; and for the majority there



was no instruction, even in reading and writing. And the country is immeasurably more prosperous. Peasants still are poor and have cracked and leaky boots, but before 1917 they were poorer and had no boots at all, but shoes of plaited grass. Workers still are overcrowded and have less food than they want, but their quarters and their rations are much more satisfying than the lodgings and the food which the prerevolutionary employee could buy with his earnings. The standard of living, as of liberty and education, is still much lower than in Great Britain or the United States; the point is that it is higher than has ever before been known in Russia.

Besides raising standards within the Soviet Union, the Communist Revolution has put forward certain criticisms of the capitalist system which, after 1917, were accepted as valid in the Western world. Few people today would deny that unfettered capitalism is bad for the moral and physical condition of the mass of men, that the working classes should share in the cultural life of the community, that national economic isolation leads to war and privation, and that the political life of a community should in some sense reflect its general philosophy of life. Gradually the Western world ceased to think of the Russian Communists as beyond the pale of civilization. There was singularly little protest when the Soviet Union took its seat in the League of Nations in September 1934.

The most surprising thing to the Communists in postwar history is the fact that Communism has not spread outside the Soviet Union. Marx prophesied a world revolution, and all Bolshevik leaders believed in this in 1917 and most of them continued to believe in it until the Chinese revolutionary party expelled its Communist members in 1927.

The most surprising thing to non-Communists is the fantastic precipitancy with which the Bolsheviks were able to plunge Russia into revolution in the name of a Western prophet, Marx. Yet this precipitancy has at least two precedents in Russian history. One occurred nine hundred years ago when Vladimir suddenly adopted Greek Orthodox Christianity and forced it *vi et armis* upon his pagan subjects. Another took place little more than two centuries ago when another autocrat, Peter the Great, suddenly realized the advantages of Western armaments, technique and manners, and devoted an incredibly en-

ergetic reign of thirty-nine years to forcing them upon the semibarbarous and almost wholly Oriental population of Russia. Lenin's revolution followed the lines of those of Vladimir and of Peter in violently and suddenly inoculating the Russian people with a Western serum.

The disease which Lenin set himself to cure was the ravages of capitalist, and largely foreign, exploitation upon Russia. The same disease was at the same time attacking other "backward" countries of the world. Each according to its different lights made an effort to cure itself during the postwar period.



## PART THREE: THE NEAR EAST



## I · THE TURKISH REPUBLIC

THE history of Islam in the period 1918–1938 was as crowded and crucial as the history of Christendom. For the followers of Mahomet it was the period of nationalist revolt, when Moslems discarded the authority of Caliph and of Sultan, formed new loyalties to secular nation-states, and adopted the scientific techniques of the mechanized West.

Islam today is adolescent, and adolescence is a difficult process to describe. It will be easier if we leave aside those Moslems who are not under Islamic rule—the Moslems of North Africa, of the U.S.S.R., of India and the East Indies—and concentrate our attention upon the peoples who were in 1914 under the Ottoman Empire—that is on the Turks, the Egyptians and the inhabitants of the Arabian peninsula—and on their neighbors in Persia and Afghanistan. Here the changes have been most violent and therefore simpler to follow.

*The End of the Ottoman Empire.* The Ottoman Turks were late converts to Islam. They had been a nomad tribe pitching their black horsehair tents on the edge of the Gobi desert until the advance of the Tartars sent them flying westward as far as Anatolia, where they settled and adopted the faith of Islam. The Arabian Moslems despised them as converts, but they gave the Arabs the very qualities which they most lacked—organizing ability, endurance and a gift for patient administration—and they built up a great Empire, bringing the lands from the Persian Gulf to the Adriatic under a single Moslem rule.

By the nineteenth century the Moslem Empire of the Turks was in decay. As Voltaire would have said, it was neither Moslem, nor an Empire, nor Turkish. Not Moslem, because the majority of Moslems lived outside its boundaries; and within its boundaries were huge non-Moslem communities such as the Christians of the Balkans and of Asia Minor. Not an Empire, because these Christian communities

were organized as independent State Churches, and because foreign Powers had been granted "Capitulations" by which their traders lived in the Empire under the laws of their own Consuls, not under the laws of the Empire. And not Turkish, because the language and literature of the Empire was Arabic and because its laws were not made by the ruling class of Ottoman Turks but by God: they were laid down once and for all in the Koran and the Traditions, and the right to interpret them lay not with the Ottomans but with the *Ulema*, or Men of Learned Path.

The Ottomans tried to revive their Empire by stressing, first, its Moslem aspect. Abdul-Hamid II (1876-1909) emphasized the holy nature of his office: was he not Caliph, Successor of the Prophet, as well as Sultan? Was he not the only independent Moslem ruler and might he not expect that Moslems all over the world would support him as the one sovereign capable of saving their faith from extinction by the infidel? Abdul-Hamid built a railway from Constantinople to Medina, and tens of thousands of pilgrims flocked by rail from Russia and by the new steamship lines from India, Africa and Europe to the Holy Cities of the Hedjaz. But there was an air of exploitation about the new railway and steamship arrangements for the Pilgrimage. The Islamic world looked on the Sultan-Caliph more as a political schemer than as a spiritual father, and the two great religious revivals of his reign, that of the Mahdi in the Sudan and that of the Wahhabi in Central Arabia, took the form of revolts against the Caliph's authority. Historically they were right; the Caliphate was not intended as a Papacy for Islam but as an executive office charged with enforcing the laws of God as interpreted by the *Ulema*.

The attempt to revive the Ottoman Empire as a Moslem center had failed; the second hope for recovery lay in stressing its Imperial nature. During the nineteenth century Young Turks in exile in Paris laid plans for reorganizing the Ottoman dominions on Western lines; they dreamed of a State in which Christians and Moslems and Jews, Turks, Arabs, and Balkan peoples should be represented in a democratic empire on the French model. In 1908 they had a chance to realize their dream. A group calling themselves the Committee of Union and Progress raised the standard of revolt in Salonika and demanded that the Sultan-

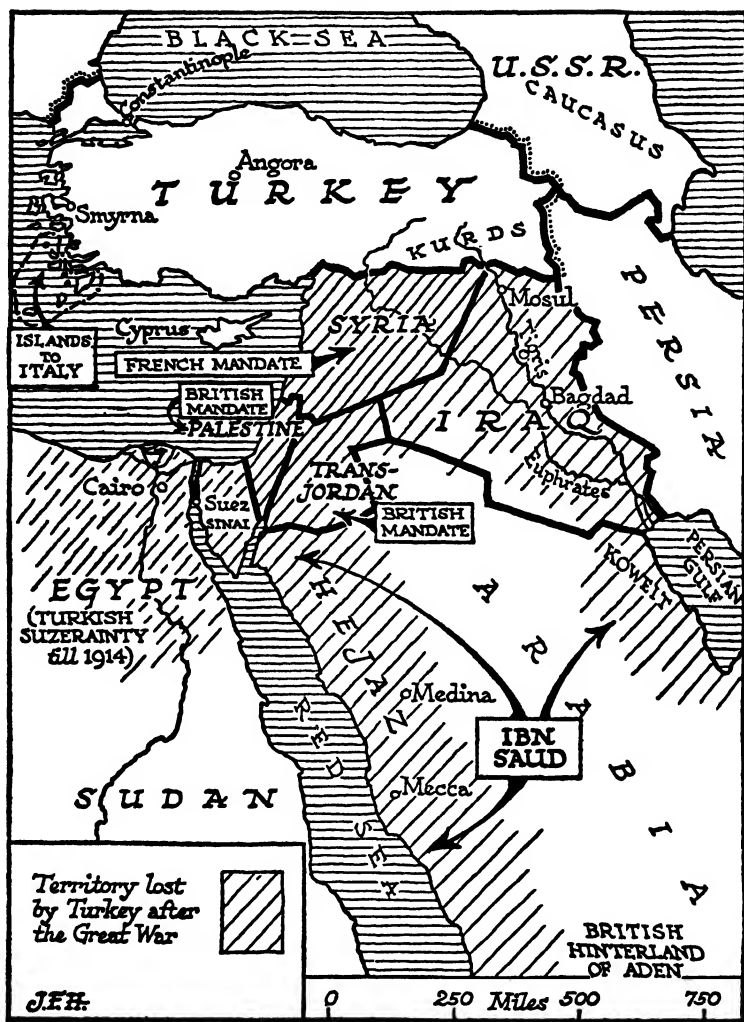
Caliph should grant a Constitution. To everyone's surprise Abdul-Hamid agreed, and the Committee found themselves in power.

Immediately war broke out against the new dictators of Constantinople: Bulgaria declared herself independent, Greece seized Crete, Austria seized Bosnia and Herzegovina, Italy seized Tripoli. The European dislike of the Committee's aspirations was echoed by the Arabs. To the Arabs the policy of Imperialism meant the Turkification of Arabia, a tighter subjection to Turkish rule. In four corners of the great peninsula Arabs began to plot revolt. In Baghdad, Iraqi officers formed a secret society to work for the independence of Mesopotamia; in Damascus, similar societies vowed themselves to the cause of Syrian autonomy; in Mecca, the Grand Sherif Hussain, a direct descendant of the Prophet, was dreaming of a Sherifian Kingdom of Arabia; and in the central oases of Nejd, a certain Ibn Saud revived the rule of the Wahhabi. There was no connection between these four movements for independence. They would have had little prospect of success for many decades if the Young Turks had not chosen to declare war on the side of Germany in 1914.

To the Committee of Union and Progress the war seemed a heaven-sent opportunity for modernizing their armaments at Germany's expense, for avenging themselves against their traditional enemy, Tsarist Russia, and for making the Arabs forget their talk of independence in the heat of a new Holy War. In this last hope they miscalculated: the Arabs saw nothing holy about fighting for impious Young Turks against the Moslems of Russia and of British India; their leaders determined, on the contrary, to use the war as a ladder to Arab autonomy. In Mesopotamia the Iraqis made no serious resistance to an invasion of British from India. In Damascus, the Syrians lay down under the weight of Turkish military occupation, waiting their opportunity. In Nejd, Ibn Saud accepted a bribe from the British as the price of his neutrality. In Mecca, the old Sherif negotiated with the British High Commissioner at Cairo, promising to raise the tribes against the Turks if the British would recognize his claim to be King of Arabia.

At first the British were not impressed by Hussain's offer of help. They tried a direct attack on Constantinople by way of the Dardanelles. Throughout 1915 the Turks fought magnificently to defend the





Gallipoli Peninsula. They were finely organized by the German General Liman von Sanders and finely led by a young Turkish officer, Mustapha Kemal. By a miracle of tenacity Kemal beat the English back to Suvla, and the Dardanelles were saved.

Meanwhile Hussain had proclaimed the Arab revolt. The Turks retaliated by garrisoning Medina and shelling the Holy Places of Mecca. In a frenzy at this outrage the tribes of the desert combined, for the first time in history; led by Hussain's third son, Feisal, and by a young

Englishman who called himself T. E. Lawrence, they marched through the Hedjaz to the Gulf of Sinai. The English were now contemplating a new policy: they intended to attack Turkey by marching from Egypt through Syria. General Allenby realized that the Arab revolt might be useful. He let Lawrence take gold and arms to the Arabs. Under Lawrence and Feisal the tribes cut the Pilgrims' Railway and guarded the right flank of the English as they marched through Palestine. Mustapha Kemal was sent to stop the English advance, but it was too late. Allenby's army broke the Turkish line and drove back the Turks, who were harried by Arab raids from the desert to the mountain ranges north of Aleppo. Meanwhile another British army had marched through Mesopotamia and was occupying Mosul. Hemmed in on every side, the Turks signed an armistice at Mudros in November 1918. In this they gave up their claims on Egypt and on all their Arab-speaking dominions. The Ottoman Empire was decimated. The attempt to revive Ottoman power by a new Imperialism had ended in complete failure.

*The Nationalist Revolt.* Superficially the position of Turkey seemed hopeless; the Arab dominions were signed away and the Allies were occupying the capital and every port in Anatolia. Actually, however, there remained unspent the third force that had constituted the Ottoman Empire: the force of Turkish Nationalism. Abdul-Hamid had tried to make the Empire Moslem, and had failed. The Committee had tried to make it Imperial in the Western sense, and had failed. It remained for someone to make it Turkish. No one who had seen anything of Turkish heroism during the war could doubt the existence of Turkish Nationalism, but no one could see how it could be used now. The Sultan-Caliph, Vaneddin, was afraid of it; his view was that if the Turks attempted a national rising now, in 1918 the Allies would use it as an excuse for partitioning Anatolia. The Committee of Union and Progress were afraid of it; they had taken to their heels after the fall of Aleppo. The only man who had faith in his own powers to save Turkey by firing her national spirit was Mustapha Kemal, and he was a discredited officer, hiding in a suburb of Constantinople from the English, who had put him on their black list for deportation to Malta.

Mustapha Kemal, like so many leaders of national movements, was not by birth a member of the people for whose liberty he was to fight.<sup>1</sup> His father was Serbian-Albanian, his mother Macedonian-Albanian. He was born in 1881 in Salonika and bred for the Ottoman military service. In 1905 he had been given a commission and had fought in every war since: against the Druses, against the Bulgarians, against the Italians in Tripoli, against the British in Gallipoli, the Russians in the Caucasus, and in the Syrian campaign of 1918. Among the soldiers he had an unequalled reputation for courage and for unerring judgment, but among politicians he was distrusted and disliked. For one thing he had made no attempt to hide his contempt for the windy schemes of the Committee. For another his personality was unpleasant and his manner boorish and overbearing. So he had received none but the most grudging recognition for his services and no political appointment. Vaneddin had recognized the strength of the man and had taken him in his suite on a military mission to Germany in 1917; the young officer disgraced himself by insulting Ludendorff and patronizing Hindenburg, and frightened the wretched Vaneddin by trying to bully him into action against the Committee of Union and Progress, which was then in power.

So Mustapha Kemal found himself at the Armistice with no friends at Court. He managed to get out of Constantinople with a commission to supervise disarmament arrangements in the east of Anatolia; and here, instead of disbanding the local levies, he did his utmost to keep them in arms to fight a new battle, the battle for an independent Turkish Nation. Alarmed by the news of these activities, Vaneddin recalled him imperiously, but Mustapha Kemal refused to give up his command: "I shall remain in Anatolia," he replied, "until the nation has won its independence."

It seemed the idlest boast. The Sultan and the Government were against him; the Allies were against him. But in the strong places of Central Anatolia he was safe from half-hearted attacks, and the very fact that these unpopular forces opposed him helped to turn public opinion to his side. When the Sultan tried to raise the Kurds against him he made capital out of the fact that no patriot could have called in the hated Kurds to butcher Turks. When the Greeks landed at Smyrna

<sup>1</sup> De Valera was an American citizen, Hitler an Austrian; Pilsudski was a Lithuanian by birth, and Stalin a Georgian.

in May 1919, backed by an Allied fleet under Admiral Calthorpe, he had a story of foreign invasion and of the pillaging and burning of Turkish villages to add to his recruiting propaganda. He coolly issued writs for a National Assembly to meet at Erzerum in June; delegates who had come in disguise from every corner of Anatolia elected Mustapha Kemal to be their Chairman. A second Assembly met in September, this time at Sivas, and appointed an Executive Council to act for the Turkish Nation, since the official Government of Constantinople refused to take the lead. As President of this Council Mustapha Kemal moved his headquarters to Angora ("The Anchor"), a fine natural fortress in the middle of the Anatolian plateau and the terminus of the railway from Constantinople. From Angora the Executive Council promulgated a National Pact which was to be the foundation of the modern Turkish State. The Kemalists renounced all claim to the Arab dominions of the Empire but insisted that the regions "which are inhabited by an Ottoman Muslim majority, united in religion, in race and in aim . . . form a whole which does not admit of division for any reason in truth or in ordinance."

The National Pact was merely the pronouncement of a group of rebels against the Sultan's government. There was nothing to show that the delegates were Nationalists in anything but name. There is every reason to believe that they would have remained an isolated group of rebels for many years, had not the Allies committed in the first half of the year 1920 three blunders which fanned the latent Nationalism of Turkey into a pillar of fire.

The first blunder was the least serious—a simple breach of faith. After the publication of the Pact news came to Angora that the Allies were prepared to recognize the Nationalist parliament if it met in the legal manner at Constantinople. Mustapha Kemal scented a trap; he knew the atmosphere of the capital and he doubted the good faith of the Allies. But the Angora delegates were delighted at the prospect of recognition and took train to Constantinople, where in January 1920 the National Pact was formally and legally adopted in full parliament. The delegates were in raptures. Their triumph was short-lived: before two months were out, Allied forces under General Milne occupied the public buildings of Constantinople and raided the Turkish quarter, where they arrested forty Nationalist leaders. These they deported to

Malta. It was an object lesson to all Turkey that Mustapha Kemal was right: the Allies were not to be trusted.

At this point the Allies made their second blunder: they published the Treaty of Sèvres, to which three so-called representatives of Turkey had been induced to give their signatures. The full import of the terms of this treaty will be lost if we do not bear in mind the geography of Turkey. The country consists of a high central tableland flanked by mountain ranges on every side. The mountains stretch down to the coast, except in three areas where there is a fertile littoral; the first of these areas lies on the shore of the Sea of Marmora and the southwest of the Black Sea, the second round Smyrna where there is excellent vine- and olive-growing country, the third round Adalia where there is a good cotton and corn belt. By the Treaty of Sèvres, the first area was to be under a Commission of Allies, the Smyrna district was to be Greek and Adalia was to go to Italy. The Turks were to be confined to the mountains of the plateau, and two new nations, Armenia and Kurdistan, were to be called into being to guard their eastern flank. The seat of government was to be at Constantinople, surrounded by the Allied Commission. And Thrace was to be Greek.

This treaty is the most shameless example of Imperialist greed that has ever been offered by a modern Government. Beside it the terms of Brest Litovsk seem lenient and those of Versailles positively generous; to find a parallel we should have to go back to the eighteenth century partitions of Poland. The effect of its publication was to convince Turks that the Allies would stop at nothing until they had ruined Turkey, and that in Mustapha Kemal and in the Nationalists lay their only chance of salvation.

*The Greek War.* It was a thin chance, as the Turks realized in June 1920, when Great Britain, France and Italy authorized a Greek offensive against Turkey. This was the third and greatest blunder of the Allies. Their object was to force the Nationalists to accept their terms by the cheap method of unleashing against them Turkey's natural enemies, the Greeks. The suggestion had come from Venizelos, the Greek Prime Minister, and had been taken up with enthusiasm by Lloyd George: the scheme was to cost so little — a temporary loan, and the maintenance of a British fleet in the Sea of Marmora and of a French

army in Cilicia, that was all — and the Greeks were all but certain to succeed, armed as they were with the supplies which the Allies had accumulated in Macedonia during the Great War and whetted by the massacres of Turkish civilians which they had perpetrated in the year since their landing at Smyrna.

All went well for the Greeks during the campaign of 1920. On three fronts they were successful: the Turkish Nationalists were driven out of Thrace and back from the southeast coast of the Sea of Marmora, and a huge Greek army advanced from Smyrna to Ushak. But the triumph was spoiled by a quarrel-among-thieves. The Greek electors threw out Venizelos at the elections of November and King Constantine returned. Venizelos was the one man who could hold the Allies together; in May 1921 the Allies declared themselves neutral, confining themselves for the rest of the war to securing neutral areas on the Sea of Marmora and in Cilicia. It was a clever move; in the event of a Greek victory Great Britain and France could claim to have been the sponsors of Greece and in the event of a Turkish victory they could offer their arbitration as neutrals. So it was with no misgiving that they watched the preparations for the campaign of 1921.

At Angora, Mustapha Kemal was working furiously to organize the National forces. His first difficulty was to repress a rising of fellow Turks, strict Moslems who had been incited to defend the Sultan-Caliph against the ungodly Nationalists. Then he had to weld his recruits into a regular army. He was lucky to have at his command some five thousand officers of the old Ottoman Army, among whom was one, Izmet Pasha, who stood out as a promising general. With these officers he managed to lick into shape the peasants and adventurers who came into his camp untrained, unequipped and often bare-footed. The majority of his troops were mountaineers whose tribal chiefs kept them outside the regular Nationalist Army, preferring to lead them in isolated ineffectual raids down from the mountains on the Greeks. One of these chiefs established control over a large contingent of irregulars known as the Green Army; it needed all Mustapha Kemal's cunning to discredit the Green leader and to weld his troops into the organization of the regular army. Even then it was a ragged force, no more than 25,000 strong, ill-equipped, short of artillery, utterly contemptible from the point of view of Western soldiers, but it was well led and it was in-

spired by an invincible spirit: each man knew that he was fighting for the very existence of his country.

Against them the Greek army had 80,000 men, excellently equipped and armed. Their objective was the Nationalist capital, Angora. From Izmid and from Ushak they pressed eastward to take the whole semi-circular line of railway that runs from Constantinople to Smyrna. By the end of July they had taken Eski-Shehir, the junction where the branch to Angora leaves the main line. Grimly Mustapha Kemal ordered his men to fall back on the Sakkaria river, the last line of defense covering Angora. If the Greeks could break the Sakkaria line, Angora would fall and all hope of Turkish Nationalism would be at an end.

For fourteen days the battle raged on the Sakkaria. Then at last the Greeks broke, ordered a retreat on Eski-Shehir. Angora was saved. There have not been many decisive battles in modern history but the battle of the Sakkaria must be counted among them. It showed the world that Turkish Nationalism was an invincible force; after the pangs of those fourteen days the Turkish Nation was born. The immediate result of the battle was that France made a secret treaty with the Angora Government and withdrew her 80,000 men from Cilicia.

At the beginning of 1922 the position was still serious. The Greeks still held Eski-Shehir and the country to the west of it. But demoralization had already set in among the Greek troops and they had no spirit in them to withstand the offensive which Kemal launched in August. Step by step the Greeks were driven back along the railway line to Ushak. After Ushak the retreat became a rout ending with the ignominious embarkation of the last troops at Smyrna at the very hour when the Turkish advance guard was galloping into the city. A great fire burst out in Smyrna. It burned the European quarter to the ground; the highly inflammable Turkish quarter it left untouched.

The defeat of the Greeks by arms was followed by the defeat of the British by negotiation. Mustapha Kemal claimed the right to drive the Greeks out of Thrace; the British holding the Dardanelles refused to allow his troops to cross. Mustapha Kemal insisted; Lloyd George held his ground; it seemed that another Dardanelles campaign was in store. Luckily that disaster was avoided by General Harington, who

called an armistice-conference at Mudania in October. As a result of that conference Turkey was allowed to occupy Eastern Thrace in violation of the Treaty of Sèvres. The victorious Turks held possession of all that they had claimed in their original National Pact.

*Treaty of Lausanne.* The Turkish Nationalists had won the war; they had yet to win the peace. The Nationalist organization was in essence military; its leader had no rank but that of Commander-in-Chief, no title but that of Gazi, which means Conqueror. He was unrecognized by the official Government, which was still that of the Sultan-Caliph at Constantinople, and he could not count on a majority even in the National Assembly at Angora. Mustapha Kemal's first action was to turn the Nationalists from a military to a political organization. He toured the country, making the most of his popularity as the conqueror of the Greeks to urge the people to support the Nationalists, who were henceforth to be known as the People's Party. Soon he had enough support to overawe the Assembly.

A conference to settle terms between Turkey and the Allies was to meet at Lausanne in November. The Allies invited the Sultan-Caliph to send a delegation. This piece of pedantry was an insult to the National Assembly. The Gazi turned it to good account by making the members rush through, first, an Act separating the office of Sultan from that of Caliph, and then an Act abolishing the Sultanate. A nephew of Vaneddin was made Caliph, and Vaneddin himself saved his life by slipping out of his palace into a British ambulance and escaping to a British warship. The last Imperial Ottoman Sultan, the Terror of the Infidel, was gone.

At Lausanne the negotiations turned into a duel between Lord Curzon and Mustapha Kemal's friend, Izmet. A greater contrast of personalities could scarcely be imagined than that presented by the suavely arrogant British proconsul and the deaf little Turkish soldier. Izmet's demands were simple: he wanted the terms laid down by the National Pact and he refused to yield a single point. After four months of discussion Curzon left Lausanne, frustrated, and the conference broke up. There seemed a chance that the Angora Assembly would pass a vote of censure on Izmet—an opposition was growing up under Rauf Bey against his and the Gazi's high-handed policy. But



Mustapha Kemal contrived to defeat the vote of censure and Izmet went back to Lausanne, where Curzon's place was taken by Sir Horace Rumbold and the treaty was signed in July 1923. The terms were a triumph for the Turkish Nationalists. Instead of a partition of Turkey, which the Allies had demanded at Sèvres, the Turks were to be left with full sovereignty over all Anatolia and — what is more astonishing — over Constantinople and Eastern Thrace. Christian Communities in Turkey were to lose their autonomy, and foreign Capitulations were to be abolished; the million Greeks resident in Western Anatolia were to be transported to Greece. In a word Turkey was to be, for the first time in history, a Nation. Only one point was not conceded by the Allies: the southeastern frontier of Turkey was left to be settled by later agreement.

Turkey was now cured of Imperialist ambitions and secured from foreign aggression; but that was all. The work of building a new Turkey was yet to be done.

When the National Assembly met after the signing of the treaty, Mustapha Kemal and Izmet prepared a Bill to make Turkey a Republic. By intrigue and intimidation they forced it through the Assembly. Nearly half of the members did not vote; it was practically a *coup d'état*, but Mustapha Kemal had the shadow of the law behind him when he declared himself to be President of the new Turkish Republic. His powers under the new Constitution were practically unlimited: as President he controlled the Cabinet, as leader of the People's Party he controlled the only political machine, and as Commander-in-Chief he controlled the army.

*The Caliphate Abolished.* Of all the dictators of the postwar world none used his powers to more effect than Mustapha Kemal. In the years which followed the establishment of the Republic he carried out a revolution in the lives of his people which in its fundamental character can be compared only with the Communist Revolution in Russia. Like the Communist Revolution, it was for all its suddenness no new movement but the realization of a century of aspiration, the violent birth of a conception of society which had long been maturing in the minds of Turks. Mustapha Kemal's policy was to secure the survival of the Turkish people by conjuring up the spirit of Nationalism.

To do this he had to exorcise the Arab demon which had haunted Turkey through the institutions of the Islamic religion. "The Arab mind," wrote his *aide-de-camp*, Halideh Edib, "has a metaphysical conception of the universe. It looks upon legislative power as belonging to God, and executive power to the Caliph; and it regards doctors of law (*Ulema*) as intermediaries between God and the Caliph, who are to control the executive and see that he carries out the laws of God. If he fails they are to cancel his contract and to elect another Caliph by the consent of the Islamic people. . . . It is different with the Turk. In his pre-Islamic state he had been accustomed to man-made laws, and he is by nature more inclined than the other Islamic peoples to separate religion from the ordinary business of life."

A few months after his election as President the Gazi determined to abolish the Caliphate. It was a tremendous risk: his people were all Moslems, all spiritual children of the Caliph. They might have risen in defense of the Holy Office had not Mustapha Kemal found a plausible pretext for his action. A letter addressed to the Republican Government, demanding that the Caliphate should be shown more respect, found its way into the Constantinople Press. The letter was signed by two leaders of the Indian Moslems, one of whom was the Aga Khan. Now the Aga Khan was notorious as a friend and protégé of the British. Mustapha Kemal had no difficulty in leading Turkish opinion to believe that the letter was a subtle move in the British game, which, he said, was to break Turkish Nationalism by strengthening the Caliphate. Very skillfully he played national against religious sentiment in the Assembly, and the deputies were almost unanimous in demanding that the Caliphate be abolished. Abdul Mejid and the members of the Ottoman imperial family were hustled away to Europe lest worse should befall them.

There followed a general secularization of the Turkish State. The Bill abolishing the Caliphate had declared that "The antiquated religious courts and codes must be replaced by modern scientific civil codes. The schools of the mosques must give way to secular Government schools." Accordingly the laws of God, the *Sheriat*, were replaced by civil laws copied from Switzerland, criminal laws from Italy, commercial laws from Germany. A Faculty of Law was established at Angora for the training of advocates and administrators. The schools

of the mosques, which for centuries had had the monopoly of primary education and had confined their efforts to teaching children to repeat by memory the Koran, were replaced by State schools which all children between the ages of six and sixteen must attend, to learn to read, write and calculate.

It was not to be expected that the religious revolution could be achieved without opposition. A political party calling themselves the Progressives and opposed to the Kemalists gained power in the Assembly. It was probably with their connivance that a formidable revolt broke out in Kurdistan. The Kurds were the only non-Turkish people to be left under Turkish rule; they were Moslems and faithful to the point of fanaticism, primitive and warlike to the point of savagery. In March 1925 they rose in Holy War against the faithless Republic which had abolished the Caliphate. To stiffen their religious ardor they had a political grievance, for by the abortive Treaty of Sèvres they had been promised their independence. Led by their Sheiks, the Kurds besieged the towns of Eastern Turkey, slaying all the Turks they could lay hands on. The Angora Government tried to rush troops to Kurdistan but the mountains were an almost impassable barrier and the rail-route through Syria was controlled by the French who, prompted by their interest in the oil of Kurdish Mosul, refused transit to the Turks. Three months passed before the revolt was suppressed. Then Mustapha Kemal grimly made it his excuse for breaking up the Progressive Party, executing eleven of its leaders and replacing them by a docile Cabinet under Izmet. The new Government proceeded to condemn the Sheiks and dervishes who had been behind the Kurdish revolt; the former were deprived of their powers, the dervish and monastic orders were dissolved and their property confiscated.

The last vested interests of Islam in Turkey were thus destroyed. By the second article of the Constitution of the Republic, Islam was still the State religion; in 1928 even that article was quietly erased.

*Social and Economic Reforms of Kemal.* The problem facing Mustapha Kemal was how to turn the meager population of agriculturalists into a secure and prosperous nation. The solution lay in education: propaganda to wean them of Islamic superstitions, schooling to teach them to read and write and open their minds to the material advantages

which Western civilization had to offer, technical training to instruct them to use, repair and manufacture machinery.

The Gazi began by abolishing the outward and visible sign of Turkey's separation from the West. He was determined to abolish the fez, which all Turkish men wore. First he issued caps to his personal body-guard, then he ordered the whole army to wear caps. Then he proclaimed that the fez was the sign of ignorance and made it a criminal offence for a Turk to be seen wearing it. There were riots in the towns but the Gazi was inexorable. At last the Turks gave up resisting: "they wore old bowlers, ancient straw-hats, hats made out of a piece of cloth by their wives, with unskilled hands, caps imported in haste from Austria, anything with a brim that traders could get for them, anything that carried out the orders of the Gazi Mustapha Kemal, anything with a peak to save them from the prison, the bastinado, and the hangman's noose."<sup>1</sup> The abolition of the fez meant a breach with Islamic tradition, for the Moslem must pray, with his head covered, five times a day and at each prayer must prostrate himself touching the ground with his forehead; how could this rite be performed if his headdress had a peak or a brim in the Western style?

The next step in bringing Turkey into line with the West was to change the position of women. In the towns women were secluded in Oriental fashion, they never appeared unveiled in the streets, they sat behind a partition in the tramcar, and in the theater they were sequestered behind a grille; in the country they went unveiled but their position was that of serfs, performing the brute work for their husbands and masters. Mustapha Kemal had long been determined to change all that. After the capture of Smyrna he had fallen in love with a young Turkish woman who had been educated in Europe and was full of European ideas of the equality of the sexes. He had married her and had encouraged her, as first lady of the land, to set an example by appearing unveiled and in Western clothes at political meetings. In 1926 he set himself to revolutionize the status of women in Turkey. The veil was forbidden, the partitions in the tramcars were taken down, the grilles were removed from the theater-galleries. Schools for girls were established and women became eligible for business careers and for the professions. In 1929 they were allowed to vote

<sup>1</sup> H. C. Armstrong in *Grey Wolf: Mustapha Kemal*.

at local-government elections. It was harder to change the attitude of the peasants to their womenfolk. They were justified by Koranic texts in their habit of marrying many wives and using them as cheap agricultural labor. Mustapha Kemal passed an edict discouraging the practice of polygamy, and today it is rare for a Turk to have more than one wife.

No reform of Mustapha Kemal aroused less resistance and none caused more internal disruption than his emancipation of women. Cut adrift from the secluded haven of the family, the women of Turkey were unable to keep their balance in the man-made currents of city life. They drifted into promiscuity and into despair; there were more suicides among the women of Turkey in those years than anywhere else in the world. The disruption spread to the Gazi's own household, where his wife became a burden to him by her meddling in politics so that he had to divorce her, and his friend and adviser Halideh Ebid claimed so prominent a part in the direction of policy that she was exiled. The Gazi's feminism was due to expediency rather than conviction.

There remained one great barrier to the adoption by the Turks of Western ideas and methods. Their language was still written in Arabic script, the letters of which cannot be transliterated into Western languages because there are no vowels, and their consonants represent sounds which our consonants are incapable of rendering.<sup>1</sup> Mustapha Kemal determined to abolish the Arabic script. He began by ordering that words of Arab origin should be dropped from the Turkish language. Then he shut himself up in his house near Angora and learned Latin characters. When he had finished he announced that he was going to make a formal visit to Constantinople. It was ten years since he had visited the former capital. Then, in 1918, he was a neglected officer, spurned by the politicians and suspect to the Allied officers who were in occupation of the city. Now he was the creator and dictator of the Turkish Republic. But it was not as dictator that he returned to Constantinople. He came back as a schoolmaster. He lectured the audiences of Constantinople, not on politics but on handwriting; with blackboard and chalk he demonstrated how the

<sup>1</sup> For this reason there is no recognized way of spelling Arabic words in English. Some writers make an attempt to render the sounds of the original by using accents and breathings. We have not attempted this; throughout this section on Islam, names have been spelled in the way which seemed easiest to English eyes.

loops and lines of the new letters should be formed. Such was the power of his personality that the absurd idea caught on. While the President toured the country with his blackboard, judges and cabinet ministers, lawyers and professors set the example by flocking back to school to learn the new letters. Soon the Assembly passed a decree to the effect that no appointment could be held by anyone who was not proficient in the new writing.

By rushing through in five months a reform which should have been spread over a generation, the Gazi had secured the letter of cultural reform, but he altogether missed the spirit. The new generation of Turks learned with ease to read and to write but found themselves cut off from their cultural inheritance; the literature of their country is in Arabic and so is a closed book to them. But the Gazi had achieved his purpose: by abolishing Arabic words and letters, by changing place-names from Greek to Turkish (Constantinople became Istambul, Smyrna became Izmir, Angora became Ankara) he had given Turkey a language which was indisputably Turkish, and by the introduction of the Latin script he had made the assimilation of Western civilization easy. This process was further facilitated by the substitution of surnames for the old titles (thus Mustapha Kemal became Kemal Atatürk), by the adoption of the Gregorian calendar, the European system of numerals and, later, of the metric system.

By the end of 1928 the Turkish Revolution was completed on one plane, the educational. Mustapha Kemal had seen that there is nothing in the Islamic religion that makes for progress and efficiency—those are the virtues of the West. He had set himself to make them the virtues of the Turks. He had to make his people Westernize themselves sufficiently to win that degree of prosperity which was necessary to their existence as an independent nation. He was wise enough to see that he must begin by changing their ideas about law, about women, about costume and language. The methods he chose were brusque and sometimes ridiculous; they savored of *opéra bouffe*, but they served his ends: the Turks began to adopt a Western outlook. They were ready now for practical reforms.

Potentially Turkey was a rich country, possessing “a favourable climate, untapped water power, fertile river valleys, magnificent mountains full of unexplored mineral and forest wealth, and extensive

areas of productive agricultural land, which, in proportion to its size, presents greater economic possibilities than Canada itself.”<sup>1</sup> Actually, however, Turkey was poor to the degree of pauperization. Not only was she wasted by war, weighted down by debt and demoralized by the fatigue that follows a quarter of a century of fighting, but her people had no idea how to develop the resources of their country. The meager rural population — only nine million people in a land of 210,000 square miles — still worked with the methods of a thousand years ago, they plowed with wooden poles shod with iron or flint and drawn by oxen, they harrowed with a log weighted at either end by stones or (more usually) by squatting women. There were few roads and fewer railways. Commerce the Turks knew nothing about; they had left that to the Greeks and Armenians, and now those foreigners were expelled from Turkey. The task of the new Republic was to carry out an agricultural and industrial revolution. The same task had faced the Soviets. The Russians solved it by enforcing collective methods and by borrowing what capital they could from abroad. Mustapha Kemal at first rejected both these means; he respected private property in the true spirit of Mahomet, encouraging small holdings and private enterprise; and he refused to borrow a penny from foreign Powers, knowing well the political subjection into which such borrowing had led Egypt and Persia.

The Gazi began his agricultural reforms by personal example. He lived outside Angora on a model farm where he experimented with the newest methods, building a model reservoir and irrigation systems, breeding a prize herd with bulls imported from Switzerland, plowing and harrowing with motor tractors, threshing and milling with all the latest machinery from the West. There was not money available for many experiments of this type, but there was enough to endow eight agricultural colleges for training experts. The Government founded agricultural banks to lend money to farmers, they distributed seed and agricultural machinery free to whoever could offer a reasonable guarantee to use them productively. Gradually steel plows and motor tractors began to appear on the Turkish farms. They are far from being in general use today, but a beginning has been made and Turkey can never go back to the primitive methods which had prevailed in Anatolia from the dawn of history to the birth of the Republic. The popularity

<sup>1</sup> A. J. Toynbee and K. P. Kirkwood in *Turkey*.

of Mustapha Kemal can be understood when it is remembered that he has freed the peasant from the tithe, helped him to buy his land and taught him how to work it profitably.

If Turkey were to make the most of her physical resources, agricultural reforms were not enough: she must develop commerce and industry. Commercially Turkey is in an enviable position, commanding the cross roads between Europe and Asia. The country produces many things for which there is a constant demand abroad: Smyrna figs and Turkish tobacco are recognized as the finest in the world, and the cotton as well as the olive crop of the Republic far exceeds what is needed for home consumption. Conditions in the postwar world have not been favorable to international trade, but Mustapha Kemal has succeeded in making profitable commercial treaties with Turkey's old enemies, Russia, Italy and even with Yugoslavia, Rumania and Greece. (Incidentally, the Treaty of Ankara which Mustapha Kemal signed with Venizelos in 1930 marked the end of five centuries of warfare between Greeks and Turks.) Internal trade has developed with the improvement in the means of transport: some idea of the *tempo* of this improvement can be gained from the fact that the Republic has laid down, on an average, one hundred and fifty miles of railway in every year of its existence.

Only industries are lacking in the economic revival of Turkey. Before the Republic was established there were virtually no Turkish industries. Today there are a few tobacco and carpet factories and the Government owns textile mills for manufacturing clothing for the army and navy. But industries depend upon finance and here lies the weak point of the Republic. The Turks are notoriously bad financiers. The Ottoman Emperors never rose above extortion, bribe-taking and monopolies as a source of revenue, and the methods of the Kemalists have not been very much better. The only difference is that instead of accepting bribes from and selling monopolies to foreigners they have taken money from none but Turks, who can offer less and not do so much in return. The President himself was ignorant of finance and left its administration to Izmet. The latter was almost equally ignorant: he established State monopolies of tobacco, matches, alcohol, salt and sugar, and put them in the hands of his friends and relatives. Yet the best of financiers could have done little to set the blood of credit flowing through the veins of



Turkish industry so long as an infusion from abroad was barred on principle. The manufacturers complained that expansion was impossible without credits and that the People's Party spent too much money on the army and too little on industrial subsidies and at the same time refused to let them accept foreign loans.

These complaints gave Mustapha Kemal an idea. He would test the popularity of Nationalist principles and the ability of his minister Izmet by creating an Opposition Party. The experiment would have the additional advantage of educating his people in the technique of responsible government. Since 1925 he had allowed only one party, the People's; criticism in speech or writing had been forbidden and political opposition had constituted treason. In 1930 the Gazi gave Fethi Pasha permission to organize a rival party, the Liberal Republicans, and instructed him to model his opposition on the English tradition of open criticism on the platform and in the Press combined with friendly personal relations with the members of the Government.

The experiment was a failure. The Turks were utterly unable to understand a ruler who encouraged criticism; they took it as a sign of weakness — the Gazi must be getting old, he must be losing his grip. In the Assembly debates were decorous enough — they hinged on the principle of opening Turkey to foreign loans — but outside the Assembly political meetings turned into riots. The Liberal Republicanism of Fethi became a rallying point for all the old forces of reaction which for the last five years had been repressed. Dervishes raised a clamor for a religious revival. A Sheik appeared in Smyrna claiming to be the Mahdi, the herald of the Messiah's second coming. The Kurds flew to arms in the east. Throughout the summer of 1930 Mustapha Kemal let the opposition he had created have its head; it was a summer of open rebellion. Then, suddenly, he struck: he abolished the Liberal Republicans, he executed the Sheik and twenty-eight of his supporters, he drove the Kurds back to their mountain villages. And the Turks were delighted. The sight of their President acting as his old self again put new heart into them; the Gazi was worth following after all, he was a conqueror indeed.

Mustapha Kemal had every reason to be pleased with the failure of his experiment; he had given Izmet a salutary shaking, he had had an opportunity to gauge the state of public opinion, and in a manner of

speaking had received a mandate for continued dictatorship. "Let the people leave politics alone for the present," he said in 1932. "Let them interest themselves in agriculture and commerce. For ten or fifteen years more I must rule. After that, perhaps I may be able to let them speak openly."

Ruling, for Kemal Atatürk, involved the scrapping of old policies to suit new conditions. Seeing Russia on the defensive, he lifted the ban on foreign loans and borrowed heavily from the Soviets to finance a Five-Year Plan of his own, which, like the Soviet plan, involved extensive electrification and State control of foreign trade and of the mercantile marine. Seeing the democratic Powers on the defensive against Fascism, he determined to secure from them by negotiation what he might otherwise have had to win by fighting: in 1932 Turkey joined the League of Nations, and in 1936 she was given the right to fortify the precious Bosphorus Straits by the Montreux Convention. Seeing Italy on the warpath in the eastern Mediterranean, Kemal launched a seven-year re-armament scheme in 1934: his Government voted £5,000,000 for the fortification of the Straits in 1936, and placed an order for three millions with the English firm of Brassert for erecting steel works in northern Turkey. Seeing Britain and Germany frightened of each other and ready to buy the good will of the powers of eastern Europe, he accepted an armaments loan from both nations in 1938.

When Kemal died, in November 1938, there were none of the disturbances which usually attend the death of an upstart dictator. By a unanimous vote the National Assembly elected as his successor İsmet Pasha, now dignified by the name of General İnönü.

In assessing the value of the Kemalist Revolution the foreign historian must be careful. It matters little that orthodox Islam bemoans the material-mindedness of modern Turks, is distressed by the half-empty mosques where worshippers neglect to take off their shoes and recite their prayers in Turkish instead of Arabic, is shocked by unveiled Turkish women who dance heathen dances in the arms of strangers and by ungodly Turkish men who raise Christian hats and bare their heads, against the command of the Prophet, to acquaintances in the streets. It matters little that Western nations applaud the "modernity" of the Republic, are pleased with the new aspect of Constantinople,

where trams run punctually and begging is forbidden, and with the new aspect of Angora, where a malarious village of five thousand inhabitants has been turned into a modern city planned by a Western professor for a population of a hundred and twenty thousand. It matters little that the Soviets are disappointed that a revolution, which began like theirs with the destruction of an Imperialist hierarchy and of a State Church and continued like theirs with a violent Westernization of the mode of life of their people, has not gone on to apply the principles of Communism and to become a member of the Union of Socialist Soviet Republics. The point is not what Islam or Christendom or Communism thinks of the Kemalist Revolution: the point is whether that revolution is consonant with the natural development of the genius of the Turkish people.

The Turks are by origin nomads; they have moved their camp from Constantinople to Angora as easily and as naturally as their ancestors used to move from summer to winter pasture. They are by nature fighters; they fought their civil battles against Arab culture in the spirit of a military campaign and under the orders of a military leader. They are born equalitarians; they have thrown off the Imperial hierarchy and have established a republic where merit is the only consideration for promotion. Above all, the Anatolian Turks are a race; they have struck off the cultural trammels of the East and the economic trammels of the West, and without separating themselves completely from the fold of Islam or from the society of the Western nations. To Mustapha Kemal is due all honor for having brought the phœnix of the Turkish nation out of the ashes of the Ottoman Empire.

## II · THE ARABS AND THE ALLIES

TURKEY would never have been able to work out her destiny so successfully if the Allies in the World War had not divested her of her Arab provinces. What the Allies intended to do with those provinces is something of a mystery. The Arabs' impression was that after the War their independence was to be recognized. That was why they fought against the Turks in the Hedjaz and in Syria. The British High Commissioner in Egypt, Sir Henry MacMahon, had asked Hussain, the Governor of Mecca and head of the Prophet's own family, the Sherifs, to call the Arab revolt. Hussain had demanded that the Allies should recognize in return the independence of the whole Arabian peninsula with the exception of Aden. After negotiations in which further exceptions were made temporarily in the case of the Basra-Baghdad and the Aleppo-Beirut districts, where Hussain recognized the interests of Great Britain and France respectively, Sir Henry promised on behalf of the British Government "to recognize and support the independence of the Arabs within the territories included in the limits and boundaries proposed by the Sherif of Mecca."

*The Partition of Arabia.* As the War went on, the Arabs were given reason to doubt the good faith of the British promises. Rumors began to spread that Great Britain and France had made a secret treaty (the Sykes-Picot Agreement, May 1916) settling the future of Arabia. In 1917 the rumors were confirmed by the Bolshevik Government of Russia, who impudently published the treaty: Mesopotamia and two Palestinian ports were marked out for British administration, the Syrian coast was assigned to French administration, with Damascus, Aleppo and Mosul as "a zone of French influence," and Palestine itself was to be an international zone. "The Arabs," writes Halideh Edib, "have never since recovered from their disillusionment. The proposed independence meant nothing more than a division of the Arab-speaking lands between England and France." Then the British published a

promise to the Jews (the Balfour Proclamation) undertaking to provide the Jewish people with a "National Home" in Palestine, which was already the home of Arabs. A more concrete reminder of the fragility of promises was the fact that the British administered the province of Iraq with officers of the Indian Army.

Yet when the Armistice came the Arabs were still sanguine. After all, it was only to be expected that, in the stress of war, promises should be sometimes forgotten — even by Great Britain. And in any case the basis of the peace was to be President Wilson's Fourteen Points. "Every territorial settlement involved in this war must be made in the interest and for the benefit of the populations concerned, not as a part of any mere adjustment or compromise of claims among rival States" — so ran one Point; it seemed specially drafted to nullify the Sykes-Picot Agreement! The twelfth Point went even farther: "The nationalities now under Turkish rule should be assured of an undoubted security of life, and an absolutely unmolested opportunity of autonomous development." The Arab-speaking peoples were not alone in putting their faith in Wilson.

Disenchantment was not long in coming. When Egyptian representatives proposed to attend the Conference they were bluntly forbidden. The British Protectorate of Egypt was not withdrawn — on the contrary it was officially recognized by the United States themselves in 1919. Of all the ex-provinces of the Ottoman Empire the Hedjaz alone was represented, and that not by King Hussain, whose ambition was to rule a United Arabia, but by his son Feisal, who openly opposed his father's pretensions and confined his own claims to the more modest ambition of gaining recognition for his own rule in the State of Damascus.

To the peacemakers in Paris the question of the Middle East was of secondary importance. European questions naturally came first; the Hohenzollern and the Habsburg Empires had to be partitioned before attention could be turned to the Ottoman. Besides, none of the delegates of the Great Powers knew anything about Arabia. They knew of course that it is a vast desert peninsula of the size of India and that its fringes are cultivated and of strategic and economic importance — Egypt because of the Suez Canal; Palestine, Syria and Iraq because of other

routes to India; Mosul and the Persian Gulf because of oil deposits. But of the center of Arabia they knew nothing; of Ibn Saud and the revival of Wahhabism which he was leading they had, perhaps, never heard. Their adviser on Arabian questions was T. E. Lawrence, who was in Paris as Feisal's interpreter. "The only person who seemed to know everyone and everything and to have access to all the Big Three — Clemenceau, Lloyd George and Woodrow Wilson — was Lawrence. I don't know how he did it, but he was in and out of their private rooms all the time, and as he was about the only man who knew the whole Eastern geographical and racial question inside out, they were probably glad of his advice."<sup>1</sup> Even Lawrence knew little of Ibn Saud.

Behind the scenes of the Peace Conference and in intervals between discussion of more pressing topics, intrigue as to the future of the Middle East went on for months. Sentiment was on the side of honoring the promises made to the Arabs. These promises had been confirmed as recently as November 30, 1918, by a Franco-British declaration that "the end which France and Britain have in view . . . is the complete and definite liberation of the peoples so long oppressed by the Turks and the establishment of national governments and administrations drawing their authority from the initiative and free choice of indigenous populations." Economy, too, was on this side: the British War Office complained that it was costing thirty million pounds a year to administer Iraq. On the other side were prudence and the interests of imperialism: if the British were to withdraw from Iraq what was to prevent Turkey from seizing it? And what of the control of the Suez? And what of French claims in Syria?

*The Mandate System.* At length, in the summer of 1919, a compromise began to be worked out. It was known as the Mandate System and its principle was embodied in the Covenant of the League of Nations as Article 22. The first part of this article we must quote:

1. To those colonies and territories which as a consequence of the late war have ceased to be under the sovereignty of the States which formerly governed them and which are inhabited by peoples not yet able to stand by

<sup>1</sup> Sir Henry MacMahon, quoted in Robert Graves' *Lawrence and the Arabs*.

themselves under the strenuous conditions of that modern world, there should be applied the principle that the well-being and development of such peoples form a sacred trust of civilization and that securities for the performance of this trust should be embodied in this Covenant.

2. The best method of giving practical effect to this principle is that the tutelage of such peoples should be entrusted to advanced nations who by reason of their resources, their experience or their geographical position can best undertake this responsibility, and who are willing to accept it, and that this tutelage should be exercised by them as Mandatories on behalf of the League.

3. Certain communities formerly belonging to the Turkish Empire have reached a stage of development where their existence as independent nations can be provisionally recognized subject to the rendering of administrative advice and assistance by a Mandatory until such time as they are able to stand alone. The wishes of these communities must be a principal consideration in the selection of the Mandatory.

It was proposed that an international commission should be sent out to discover what "the wishes of these communities" were, but France refused to nominate a representative and the Commission never sailed. The Allied Powers made their own arrangements for the Mandates; early in 1920 they decided that Iraq should become a Mandate of Great Britain; and that Syria, the land lying between the Taurus Mountains and the Sinai Desert, should be divided, Great Britain accepting a Mandate for the southern part (Palestine) and for a bordering strip of desert henceforward to be known as the State of Transjordan, and France a Mandate for the northern part—to which the name of Syria was confined—that is, for the Lebanon Coast and for the Arab State of Damascus of which Feisal was King.

By the Mandate System, it was held, the strategic and economic interests of the Western Powers would be secured until the mandated territories should be strong enough to guarantee their interests with their own resources. At the same time the system did not overtly violate all the promises made to the Arabs.

A further fulfillment of the promises made to the Arabs was the position accorded to the Sherifian family. Hussain himself, now in his sixty-seventh year, was recognized as King of the Hedjaz. (The Allies had nothing to fear from that, for the Hedjaz was not economically self-

supporting and relied for its livelihood upon the pilgrims who came to the Holy Cities every year by boat to the Red Sea ports and by the Pilgrims' Railway.) Hussain's eldest son, Ali, was to succeed him in the Hedjaz. His second son, Abdullah, was intended to be King of Iraq, under British Mandate. His third son, Feisal, was King of Damascus. Thus did the Allies honor the Prophet's family in his own country.

No pretense was made of rewarding the other subjects of the Ottoman Empire who had helped the Allies in the World War. The Armenians, though they had been promised home rule, were left to the mercy of the Turks; that mercy took the form of a wholesale massacre. The United States had refused to accept a Mandate for Armenia. The Egyptians were left under a British Protectorate. Ibn Saud, the King of Nejd, was left ringed round by his enemies, the Sherifians.

Such was the partition of the Ottoman dependencies which the victorious Allies made in 1919 and in the first months of 1920. It was a settlement which settled nothing. Even its authors did not expect it to last long, but they never thought that it would fail as completely as in fact it did.

*The French in Syria.* In accepting the Mandate for Syria, France had gone against the known wishes of the natives. What the three million inhabitants of Syria did want no one knows: between Moslem peasants and landowners, Druse hillmen and Levantine traders there were racial, economic and religious<sup>1</sup> barriers which made general agreement on any form of government impossible. But it was known (thanks to an American commission of inquiry) that they were opposed to a Mandate and that if a Mandate were to be forced upon them they would prefer to be under any Power rather than France. Therefore the French had to inaugurate their mandatory régime by force and to maintain it by force.

In August 1920 a military expedition under General Gouraud drove Feisal out of Damascus and declared the Arab Kingdom — which had

<sup>1</sup> The majority were Moslems of the Sunni rite, but there were many Moslems of the Shiah rite, divided into Metwalis, Circassians, Kurds, Persians and Turcomans. The Maronite Christians were in a majority in the Lebanon, but there were also Melkites, Armenians, Syrians, Chaldeans and Latins who acknowledged the Pope and no less than seven Christian "Churches" who did not. The Druses held a distinct post-Islamic religion.



lasted for two years—to be abolished. In its place the French set up a military administration. *Divide et impera* was their policy. They divided the mandated territory into no less than five separate States: Lebanon, Latakia, Alexandretta, the mountain district which they called the State of the Jebal Druse, and the larger district round Damascus which they called the State of Syria. The five divisions were separated by the paraphernalia of different administrations, different budgets, different flags, and united by doubtful bonds supplied by French officers and officials and by a common currency of depreciated French francs.

The Syrians were distressed by this partition of their country and alarmed by the favors extended by the French to the Christian minorities. Isolated groups of Moslems rose in rebellion in district after district, but it was left to the virile tribes of the Druse to instigate the first serious resistance. In 1925 the French invited certain Druse leaders to Damascus for a conference and there treacherously put them under arrest. A general rising of Druses followed in which the Damascenes joined. The French replied by bombarding Damascus, the oldest inhabited city of the world. An eye-witness's account appeared in *The Times* on October 27:—

The forty-eight hours' shelling, combined with the activities of the marauders, as might be expected, left substantial traces. . . . The whole area lying between the Hamidieh and the Street Called Straight has been laid in ruins. The Hamidieh is greatly damaged, but far worse is the Street Called Straight, the corrugated roof of which has been blown off in the centre for quite a hundred yards, and a portion of it was hanging down in the street like part of a collapsed balloon. In both bazaars shop after shop was destroyed, either by tank machine-guns, which riddled the iron shutters as they dashed through, or by shell or by fire. . . .

It was only several months later, when the French troops in Syria had been increased to 50,000 and Senegalese had been set to burn down villages in which rebels were thought to be hiding, that the rising was subdued.

The rising was not without good consequences. The method of its suppression aroused such resentment in the civilized world that France felt obliged to send out a statesman of the first rank, M. Henri de

Jouvenel, as Governor of Syria; and the new Governor felt obliged to announce to the permanent Mandates Commission of the League that France's aim was to replace the Mandate by a permanent treaty with the Syrian nation. Now for the first time it became possible for the Syrians to co-operate with the French. The procedure laid down by the Mandates Commission and followed by the British in Iraq was that the French should provide for the free election of a Constituent Assembly, which would draw up an Organic Law; once this law and the Government set up under it had been recognized by the French, it would be possible for France to submit a treaty for Syrian signature. The British had signed their treaty with Iraq in 1923 giving Iraq independence and its King the right to decide what British forces should be stationed in his kingdom in future.

M. de Jouvenel made his statement in 1926. Over two years passed before the French had a Constituent Assembly elected and then they refused to accept the Organic Law which it drew up. It was November 1933 before France actually offered a treaty to a Syrian Chamber of Deputies, and then it was a treaty so hedged about with restrictions that the Chamber, although carefully packed by the French, had no hesitation in rejecting it. Only in 1936, ten years after the de Jouvenel announcement, when the Syrians staged a fifty days' strike for national independence, did the French offer a treaty which Syria could accept. The 1936 treaty excluded the Lebanon with its Christian majority, but before the end of that same year a Franco-Lebanese agreement was signed which was to make the Lebanon an independent Republic.

*British and Jews in Palestine.* The failure of the French in Syria was not so serious as the failure of the British in Palestine. The Arabs hated the French, but they had an even more bitter hatred for the British. In Syria one knew, more or less, what to expect: the French were logical in their imperialism. In Palestine one never knew: the British insisted that they were there for the good of the Arabs yet they proceeded to countenance the importation every year from every corner of the world of thousands of Jews whom they treated as a privileged community in Palestine.

Most of these Jews were Zionists, members of an organization whose aim was nothing less than to make Palestine a Jewish national home,

the point of focus for the aspirations of twelve million Jews scattered all over the world. The idea of Zionism had been conceived by a Dr. Herzl while acting as a reporter at the Dreyfus trial in 1894. In the next thirty years the movement had succeeded in settling nearly a hundred thousand Jews in the Holy Land. The Arabs were not disturbed by this immigration; they knew that the Jews were there on sufferance and could be expelled the moment they became obnoxious. Trouble began only when a foreign Power took upon itself to sponsor Zionism.

Great Britain had shown an interest in the movement even before the War and had offered the Jews Uganda as their national home. Dr. Weizmann, the Zionist leader, then insisted that only Palestine could satisfy the spiritual needs of his people and the offer was rejected. During the war Dr. Weizmann became indispensable to the British. "Working for the Admiralty," writes the Zionist Lord Melchett, "Weizmann perfected his most subtle and complicated method of obtaining alcohol from wood, at a time when this material, absolutely vital for the production of explosives, was becoming impossible to obtain in sufficient quantities owing to the submarine campaign and the abnormal conditions of war. Mr. Lloyd George has himself described the occasion and said that, confronted with one of the most serious crises with which he was ever beset in the Ministry of Munitions, we were saved by the brilliant scientific genius of Dr. Weizmann. Both he and the Allies felt a deep debt of gratitude and when they talked to him and asked, 'What can we do for you in the way of an honor?' he replied, 'All that I care for is the opportunity to do something for my people.'"

So it came about that on November 2, 1917, the British Government issued the famous Balfour Declaration: "His Majesty's Government view with favour the establishment in Palestine of a National Home for the Jewish people, and will use their best endeavours to facilitate the achievement of that object, it being understood that nothing shall be done that may prejudice the rights of existing non-Jewish Communities in Palestine, or the rights and political status enjoyed by Jews in any other country."

Great Britain accepted the Mandate for Palestine on the basis of the Balfour Declaration, undertaking "to secure the establishment of

a Jewish National Home, to secure the preservation of an Arab National Home and to apprentice the people of Palestine as a whole in the art of self-government." It was a fantastic piece of idealism. No doubt the British honestly thought that they could make the Arab lion and the Zionist lamb lie down together. Palestine was potentially rich enough for them both; they were both children of Shem, fellow members of the Semitic race; their characters were complementary, the Jews industrious and orderly, the Arabs idle and nonchalant. British rule had performed miracles of reconciliation before, for instance in keeping peace between Moslems and Hindus in India. But the attempt to perform a similar miracle in Palestine failed. The Arab continued to loathe the Jew as an infidel who was exploiting his country, the Zionist continued to despise the "degenerate" Arab; and both conceived a violent grievance against the British whose policy was so vacillating that it seemed nothing better than hypocritical.

From the Armistice to the acceptance of the Mandate the British ruled Palestine through a military administration which favored the Arabs—their allies in the 1918 campaign—and distrusted the Jews. Then, in 1920, Sir Herbert Samuel was sent to Jerusalem to apply the terms of the Mandate. Sir Herbert tried to be impartial, but he was a Jew himself and the Zionists tactlessly acclaimed him as "the first Jewish Governor of Palestine since Nehemiah." The Arabs refused to recognize the Mandate, and dangerous riots broke out in Jerusalem and in Jaffa, and when Sir Herbert held a general election in 1923 the Moslem groups rendered it abortive by refusing to vote.

The next High Commissioner was more successful. The Arabs appreciated the personality of Lord Plumer and they were delighted by an economic slump which, succeeding the boom year 1925, sent many Jews scuttling bankrupt out of Palestine; they thought they had only to wait and Zionism would liquidate itself. The quiet period did not last long. In July 1929 when Lord Plumer had resigned and the local slump had come to an end formidable riots broke out between Arabs and Jews in Jerusalem. At last the British Government realized that the Arabs had genuine grievances; a commission of inquiry was sent out and in due course the Colonial Secretary, Lord Passfield, published a White Paper in which it was hinted that Jewish immigration would be restricted in view of the promise in the Balfour Declaration "that

nothing shall be done that may prejudice the rights of existing non-Jewish communities in Palestine." The White Paper was greeted by a storm of protest from influential Jews. Ramsay MacDonald bowed before the storm and wrote to Dr. Weizmann explaining the White Paper away. The vacillation was not good for British prestige in Palestine.

The Jews put millions of pounds and hope immeasurable into their "National Home." They settled down to agricultural life with an enthusiasm born of centuries of wandering, they have made the soil of Palestine bring forth with such abundance that today it seems once more a land flowing with milk and honey. They developed its resources to meet more modern needs, they exploited the potash of the Dead Sea and have harnessed the Jordan to electric turbines. On the coast near Jaffa they built a new (and hideous) city, Tel Aviv, the Hill of Hope, where fifty thousand Jews are living. Once again Israel remembered the words of Deuteronomy: "The Lord thy God bringeth thee into a good land, a land of brooks of water, of fountains and depths, springing forth in valleys and hills; a land of wheat and barley, and vines and fig-trees and pomegranates; a land of oil olives and honey; a land whose stones are iron, and out of whose hills thou mayest dig brass."

To the Arabs Zionism appeared not as an economic advantage but as a religious, moral and national affront. They claimed that Palestine was an Arab country, that Britain had promised them their independence during the war and had recognized in the League Covenant (Article 22) their ability to govern themselves. They claimed that Britain had broken her promise by refusing the Arabs the degree of self-government which had been granted the other "A" Mandates, by allowing the Jews to increase their numbers in Palestine by eightfold in the course of sixteen years, and by allowing international finance to buy ignorant Arabs out of their holdings. Arab opinion accused *Albion perfide* of encouraging Jewish immigration for two reasons: first, because the development of the country by Jews would provide a useful field for the export of British capital and industrial goods — in 1934 the Prudential Assurance Company was interested in investments there to the extent of £P. 1,000,000, and Palestine's imports from Great Britain amounted to £P. 3,000,000; second, because juxtaposition

of two incompatible peoples in Palestine would make British presence as umpire indispensable—and therefore would enable her to continue in control of the Palestine routes to the East. Those routes had recently become infinitely more important. The oil from Iraq, on which the British Navy depended for fuel, now came through a pipe line to the port of Haifa. New motor roads and airlines cut across the Holy Land and the desert beyond to Baghdad. The security of the Suez Canal itself depended on the control of Southern Palestine. To the Arabs there seemed no alternative but bondage or revolt.

The Arabs in Palestine could expect no help from their brothers in the desert. The British Mandate for Palestine included a Mandate for Transjordan. Here they installed as King the second son of Hus-sain, Abdullah (whose nomination to the throne of Iraq had been dropped). They built a fine palace for Abdullah at Amman, and fine aerodromes and garages for their own bombing planes and armored cars. Then in 1925 they annexed the country round Maan and Akaba and added it to Transjordan. Thus Palestine was isolated from the desert. There were no Jews in Transjordan, but neither was there Arab independence, for the British Resident at Amman was the real ruler of the country.

*The Arab Revolt.* Crisis in Palestine was precipitated by the abrupt increase of Jewish immigrants after Hitler's triumph in Germany in 1933. Official statistics showed that 4075 Jews came to Palestine in 1931, 9553 in 1933 and 61,854 in 1935. This brought the Jewish population up to a third of the whole. The Arabs saw that they would be crowded out of their own country if they did not take immediate action.

Action took the form of a general strike called in April 1936. It began as an anti-Jewish movement, but soon took the character of an Arab revolt against British mandatory rule. Led by the Mufti of Jerusalem, Haj Amin, whom, ironically enough, Sir Herbert Samuel had selected for the post, the Arabs held out against British troops and Jewish strikebreakers until October. They were encouraged by Britain's failure to stop Mussolini's invasion of Abyssinia, and by Italian broadcasts and newspaper subsidies; and their claim to self-government was strengthened by the British recognition of Egyptian, and the French recognition of Syrian independence, which were made during the summer months.

Only when their death roll had reached a thousand (no more than 91 Jews were killed, and 21 British) and when a British Royal Commission had arrived in Palestine did the Arabs call off the strike.

The Peel Commission's report, published in July 1937, was a sensational document. It recognized that the Mandate had failed: "The obligations Britain undertook towards the Arabs and the Jews some 20 years ago . . . have proved irreconcilable . . . We cannot—in Palestine as it now is—both concede the Arab claim to self-government and secure the establishment of the Jewish National Home." In place of the Mandate the Commission recommended that Palestine be divided into two sovereign states—a small Jewish State comprising the economically most valuable areas, and a large Arab State consisting largely of mountain and desert—and that the Holy Cities and a few seaports such as Haifa and Acre should alone remain as a mandatory area.

Both Arabs and Jews rejected the proposed partition, and the British Government sent yet another commission to Palestine. This Woodhead Commission reported that when they arrived in Palestine in April 1938 they "found the atmosphere charged with intense hatred and bitterness," and when they left in August, "the tension between the Arabs and Jews' communities was probably greater than it had ever been before." The principle of partition was rejected and the British Government proposed a conference to be held in London. But still they refused to recognize that the Arabs' Revolt was not hooliganism but the national protest of a people intent upon independence, for the British "reserved the right to refuse to receive at the Conference those Arab leaders whom they regard as responsible for the campaign of assassination and violence." Meanwhile tension and terrorism increased in Palestine, and the British in their attempts to break the revolt were reduced to Nazi methods. They deported Arab leaders, bombed villages, shot bearers of arms without trial, and kept over a thousand Palestine Arabs in internment camps.

The Mandate system failed in Syria and Palestine primarily because those countries were so valuable to their Mandatories as trade routes, secondarily because France and Britain each supported a minority—in one case the Christian, in the other the Jew—instead of the Arab majority. Their policy of supporting the Sherifian family in the Hedjaz had failed for similar reasons.

*Saudi Arabia.* By restoring a member of the Prophet's own family to the Kingship of the Holy Province, Great Britain had hoped to win the approval of Islamic opinion. Actually the opposite was the result. "Husain," writes Philby in his *Arabia*, "launched out into a career of crazy despotism preserving all the outward forms of modern administration, though with nothing of its spirit or substance. The whole government of the Hijaz was focused in the King's person; every official of the administration was assumed to be and treated as a rogue, being ill paid or paid not at all, on the assumption that he helped himself to what he needed out of the State revenues which passed through his hands; the State telegraphs, telephones and wireless service (the last partly inherited from the War and partly developed by himself) were personally managed by the King; motor transport, of which much had been hoped as a means of promoting the prosperity of the country, was reserved for the sole use of His Majesty; aeroplanes of long discarded types were purchased at high prices and then left to rot because the King suspected robbery whenever an indent for spare parts or accessories was submitted for the royal approval; the Army was kept on short rations and seldom paid; the Ministers of State were treated as private servants; and the representatives of foreign Powers were treated with scant respect, culminating in a ludicrous incident when the King, observing through his binoculars the planting of little red flags to mark the holes on the Jidda golf-course, despatched one of his aides-de-camp to remove the offensive signs of foreign penetration! In a word, the administration of the Hijaz had by 1924 become a byword of Gilbertian comedy, and the people groaned under a tyranny from which there was no escape because it had apparent blessing of Great Britain. There were few who did not regret the passing of the spacious days of the old Turkish régime."

By 1924 the blessing of Great Britain was no more than apparent because Hussain claimed to be the King of All the Arabic Countries, and refused to recognize the Mandates. He was a dauntless old man and persisted in considering the six million pounds which Great Britain had paid him between 1916 and 1919 as a fair fee for his assistance in the War and not as a bribe for his future subservience.

Meanwhile in Central Arabia a leader had arisen who had even more reason than the British to be angry with Hussain's claims to



Arabian sovereignty. In the eighteenth century a sect of Arabs from the oases of Nejd had led a revival of the purest form of Islamic religion. The Wahhabi, as they were called from the name of their leader, refused to recognize the authority of the Caliph and the additions which had been made to the law of the Prophet. They believed in the literal observance of Koranic law, even in its prohibition of shaving and smoking, of gambling and drinking alcohol, of wearing silk, gold, silver and ornaments, and of indulging in the practice of magic. The Wahhabi had carried Central Arabia before them and had taken possession of the Holy Cities of the Hedjaz. But that was long ago, beyond the memory of any living man, though living men can remember the time when the last Wahhabi ruler was driven out of Nejd, in 1885. The son of that ruler, Abdul Aziz II Ibn Saud, had been brought up as a penniless exile on the Persian Gulf. He was only five at the time of his father's expulsion, but he grew up with the stamp of a leader upon him, grew up literally to the height of six and a half feet so that he stood out head and shoulders above the little Arabs. When he was twenty-two Ibn Saud left the Gulf and collecting a small force of tribesmen clambered over the walls of Ridajd, the capital city of Nejd, and took the Turkish garrison by surprise. In the course of the next ten years he made himself a considerable chieftain and the Turkish Government thought it worth while to pay Hussain of the Hedjaz to lead an expedition against him. Hussain captured Ibn Saud's brother and extracted Ibn Saud's recognition of Turkish suzerainty and a *douceur* of a thousand pounds. That was in 1912. It was the beginning of a lifelong enmity between the Sherif and the Wahhabi.

In this same year Ibn Saud founded an institution which is alone enough to win him a permanent place in Arabian history. His followers were nomad tribes who lived wandering from well to well in the desert. There was only one way for them to avoid death in times of drought and famine, and that was by raiding—raiding the watering places of fellow Wahhabi tribes or of their neighbors, raiding the caravans of travelers on their way to the Holy Places. Ibn Saud's problem was first to spread the doctrines of Wahhabism and secondly to put a stop to raiding. He found a solution in the creation of an order of military knights, the *Ikhwan* or Brethren, men who were

sworn to serve Ibn Saud and who in intervals of service were encouraged to settle in comparatively fertile spots in the desert and to cultivate the land. These *Ikhwan* colonies were at once military garrisons, agricultural settlements and religious seminaries for Wahhabism. The first was founded in 1912; today there are more than a hundred.

In 1913 Ibn Saud took his revenge on the Turks by capturing Hasa and extending the Wahhabi dominions to the Persian Gulf. In the World War the Allies bought his neutrality by the payment of £5000 a month. It was a mere fraction of what they were paying his enemy Hussain for the same purpose, but he needed money and accepted British assurances that the Sherif's subsidy would not be used against the Wahhabi. These assurances were violated in the summer of 1918 when Hussain's forces on three occasions attacked the oasis of Khurma, a district in which Wahhabis were living. At last Ibn Saud retaliated; by a surprise attack he captured Khurma and all but captured Hussain's son Abdullah who fled ignominiously from the city in his nightshirt.

In 1921 a campaign against the Kingdom of Hail brought Ibn Saud's borders up to the Kingdom of Iraq. The British realized that it was time to come to terms with the Wahhabi. A conference was called at Kuwait, but no agreement could be reached: Ibn Saud was not pleased with the British policy of establishing members of the Sherifian family in Transjordan and Iraq as well as in the Hedjaz, and Great Britain was not pleased with the raids of Wahhabi tribesmen on the Iraq frontier. "Ibn Saud may of course repudiate the action of his followers; that's the best that can happen, for otherwise we're practically at war with him." So wrote Gertrude Bell in 1922; Great Britain has been practically at war with him ever since.

When Mustapha Kemal, at the beginning of 1924, abolished the Ottoman Caliphate, Hussain was persuaded by Abdullah, the least balanced of his sons, to take the office of Caliph upon himself. At the same time Great Britain ceased to pay Hussain and Ibn Saud the bribe for their neutrality. Ibn Saud had therefore a double excuse for an attack on the Sherifian. He planned a threefold advance. In Transjordan and in Iraq the Wahhabi failed; their camel-trains were easily bombed to pieces by the British Air Force. But there was no R.A.F. in the Hedjaz. Ibn Saud drove Ali's army down to Jedda, on the Red

Sea coast. The old Sherif — he was seventy now — bravely stayed on in Mecca, but at last he was persuaded to abdicate. Ibn Saud came to Mecca, but not as a conqueror; he entered on foot in the seamless garment of a humble pilgrim. That summer, the faithful who made the Pilgrimage to Mecca were surprised to find that peace reigned in the Holy City, peace secured by the purest sect of all Islam.

Ibn Saud was ruler now of the Hedjaz and of Nejd. Nothing was more difficult than to weld these two kingdoms into one. The puritan tribes of the central desert were traditional enemies of the loose-living Hedjazis; it would give them the utmost pleasure to raid the Sacred Land and to attack the cosmopolitan bands of pilgrims who defiled Mecca with their tobacco, their alcohol and their parade of riches. Ibn Saud had to restrain his tribesmen. He held them in leash, chafing at the collar, while he allowed a railway line to be built from Jedda to Mecca, set up services of motor-coaches to the Holy Cities, made arrangements for the health and comfort of the pilgrims. The result was a record Pilgrimage in 1927 when a hundred thousand of the faithful visited Mecca. But the *Ikhwan* were outraged. Ibn Saud, they said, had forgotten his Wahhabi ideals; he was practising magic by traveling in motor cars and in setting up wireless stations in Arabia. Ibn Saud replied with much wisdom: "Moslems are today awakening from sleep. They must take hold of the weapons which are at their hand and which are of two kinds — firstly piety and obedience to God; and, secondly, such material weapons as airplanes and motor cars." The whole Moslem world agreed with him, except the *Ikhwan*. They rose in rebellion and showed their contempt of the treaties he had made with the infidel English by raiding over the borders of Iraq. The English helped the Iraqis and bombed the raiders back into Nejd, where Ibn Saud was at last able to slay their leaders and bring the Brethren back into submission.

At last Hedjaz and Nejd were really united; Ibn Saud was lord of Arabia from the Red Sea to the Persian Gulf, from the Indian Ocean to the Syrian deserts.

"Verily," said the prophet Mahomet, "God will send to His people at the beginning of each age him who shall renew His religion." Ibn Saud was that renewer. The Wahhabi might mock: he had dabbled in the magic of modernization, he had supped with the Devil, setting up

a State Bank guaranteed by Egypt, allowing the Anglo-American Oil Company to prospect. The world economic crisis prevented Moslems of Egypt, India and the East Indies from making Pilgrimage in the usual number in the nineteen thirties and deprived the Hedjaz of its revenue; hence the concessions. But neither the postwar schemes of the English to make Arabia a British Protectorate nor the world crisis itself prevented Ibn Saud from gaining recognition as King of Saudi Arabia, the only orthodox son of the Prophet to rule a large kingdom in complete independence of foreigners.

Ibn Saud had the greatest quality of a despot: knowledge of his own limitations. He knew that against the British he was powerless. In 1924 he had tried to cut through the ring of British-protected States which closed his northern frontier by seizing a corridor of land between Transjordan and Iraq, but the British had forced him to give it up. Ten years later he turned to a new policy: a reconciliation with his neighbors based on their common Moslem religion, economic interests and Arab race. Taking advantage of an act of aggression on the part of the ruler of the Yaman, he forced his southern neighbor to come to terms with him by waging a sharp seven-weeks' war. Then he made useful commercial agreements with Transjordan and the Persian Gulf States, over which the British air force and Navy were maintaining a precarious *Pax Britannica*. In April 1936 he was ready to sign a treaty of Arab Brotherhood and Alliance with Iraq, a document to which the Yaman later added its signature. A Saudi-Egyptian treaty followed in May 1936. Saudi Arabia was beginning to stand out as the focal point of a movement of Arab unity.

### III · NATIONALISM IN IRAQ AND IRAN

IRAQ is a new word to modern ears. Before the war it was called Mesopotamia and known only as the conjectured site of the Garden of Eden and as the certain center of three firmer, though less idyllic, civilizations of the ancient world. During the war it became familiar as the scene of the defeat of the British under General Townshend and of their victory, at long last, when Baghdad was captured from the Turks in March 1917; but even then it was not well known and allied statesmen were almost as ignorant as the general public of the conditions and problems that underlay "that blessed word, Mesopotamia."

*British Rule in Iraq.* Actually the situation in 1918 was this: the British had conquered the three Turkish provinces of Basra, Baghdad and Mosul, a country half as big as the United Kingdom, with a population of two million Iraqis, half a million Kurds and perhaps a quarter of a million Assyrian Christians. The Turks had been expelled and in their place a new administrative machine controlled by British officers had been set up by Colonel (now Sir) A. T. Wilson. His superiors had contradictory ideas of the policy that should be pursued: in Whitehall three different Government departments — the Foreign, India and War Offices — had three different ideas as to the future of Iraq. The Iraqis themselves had no definite plan, except that they did not wish to exchange the old despotism of the Turks for a new despotism of Britons. Only A. T. Wilson knew his mind quite definitely: he wanted Iraq to be a British Protectorate which at some future date might prove worthy of being granted Dominion status. "If we wish to make our Arab policy, whatever it is, a success," he wrote, "we must develop other political bonds at the earliest moment, and shape our commercial policy to that end. With railway communications with Syria and Egypt, rapid communications and cheap telegrams: with abundant literature and good universities and schools . . . I believe we could do something, but without these solid bonds I fear we shall never beat

down Arab provincialism." His task was a tremendous one: to restore order and create prosperity in a country of primitive economic conditions possessing no modern means of communication except 650 miles of railway and ten miles of macadamized roads, and occupied by an immense army. He worked with Napoleonic energy and the administration he set up was undoubtedly efficient. But in the twelve months before his recall in 1920 Iraq cost the British Government over thirty million pounds and "Arab provincialism" was by no means "beaten down."

On the contrary, when it was announced in Baghdad that Iraq was to be under British Mandate the Iraqis rose in rebellion. In Arab translation the word Mandate becomes "domination." So the Iraqis were to be under British domination and all the Allied promises had been bluff! Natives murdered British political officers in outlying stations, and the whole area of the Middle Euphrates was wrested from British control.

The situation was clearly explained to the British public by T. E. Lawrence in a letter to *The Times* on July 22, 1920.

It is not astonishing that their [the Iraqis'] patience has broken down after two years. The Government we have set up is English in fashion, and conducted in the English language. So it has 450 British executive officers running it, and not a single responsible Mesopotamian. In Turkish days 70 per cent of the executive civil service was local. Our 80,000 troops there are occupied in police duties, not in guarding the frontiers. They are holding down the people. In Turkish days the two army corps in Mesopotamia were 60 per cent Arabs in officers, 95 per cent in other ranks. This deprivation of sharing the defence and administration of the country is galling to the educated Mesopotamian. It is true we have increased prosperity — but who cares for that when liberty is in the other scale?

In the fighting between July and October there were over 2000 British and Indians killed and wounded; and Arab casualties were estimated at 8450. The solution was to make the Arabs responsible for administering their own country. In October Sir Percy Cox replaced Colonel Wilson in Baghdad and immediately invited a number of prominent Iraqis to form a Cabinet. The ministry so formed was the first Arab Government in Mesopotamia since the thirteenth century. "Long life to the Arab Government. Give them responsibility and let them settle their own affairs and they'll do it every time a thousand

times better than we can." So wrote Gertrude Bell; no European except perhaps Lawrence had a closer knowledge of Arabs. It was a very limited responsibility that Great Britain gave the Iraqis. At the Cairo Conference of 1921, the Colonial Secretary, Winston Churchill, decided to withdraw the British army from Iraq, but he replaced it by the Royal Air Force — a much more effective as well as a cheaper arm for policing that particular country. It was also decided that Iraq should have an Arab King, but when native opinion proved to be divided over the choice the British deported the "Nationalist" candidate and so secured the acceptance of their own nominee, the Sherifian Feisal.

*King Feisal I.* Feisal's life had been full of difficult situations — first during his boyhood as virtual prisoner of the Red Sultan, Abdul-Hamid, in Constantinople, then in the Hedjaz under his hectoring father, later as leader of the Arab revolt, and finally as King of Damascus until his expulsion by the French — but nothing had been so difficult as the position in which he found himself as King of Iraq. As the nominee of the British he was naturally suspect to his new subjects. As ex-King of Damascus he was hated by his French neighbors in Syria. As an orthodox Sunni Moslem he was distrusted by the Persians who were Shi'is and feared for the safety of their Holy Cities on the Euphrates now that Iraq was under a Sunni ruler. And as a Sherifian he was the enemy of his other neighbor, Ibn Saud of Nejd.

Feisal walked with marvelous delicacy. He was a man of great natural dignity and of unusual patience and tact. He never deviated from his policy, which was to build up an Arab National State which would be respected by its neighbors and supported, though not directed, by the British. When the Colonial Office cabled that he was to announce in his Coronation speech that the ultimate authority in the land was the British High Commissioner, Feisal insisted that he was an independent sovereign in treaty with Great Britain; and this was the relationship that was ultimately accepted by a treaty of 1923. France could not in decency withhold her recognition much longer, and in 1925 a Franco-Iraqian convention was signed allowing trade-transit between Iraq and Syria. A Persian treaty followed, when Feisal had shown his good intentions towards the Shi'is and had found money to build the

Iraq section of a road which was to connect Baghdad with Teheran. Ibn Saud proved more difficult to reconcile; it is hard enough to lay down a boundary in the middle of the desert at any time, but when one party insists on building aeroplane depots on its side of the line, negotiations are bound to be strained. In 1930, however, Feisal and Ibn Saud met in a personal interview and henceforward the relations between their two States were comparatively peaceful.

The modernizing movement which spread over all Moslem countries in the postwar years could not be kept out of Iraq. The new kingdom could not afford to neglect Western technique, without which it must remain a poor country of nomads and cultivators, the prey of every armed invader. Feisal realized this and encouraged the introduction of Western methods wherever they did not interfere with the observances of Islam. He set a personal example by traveling by motor car and by air — though no motor car had been seen in Iraq before the war and an aeroplane was still regarded by most of the inhabitants as a diabolical species of bird. He wore European clothes and sent his younger brother Zeid and his son Gazi to be educated in England. His wife and daughter he kept in Oriental seclusion; it was not for a descendant of the Prophet to go the Turkish lengths in aping the West.

*The Problem of Mosul.* One problem Feisal never solved: the problem of Mosul. That province, which for centuries was ruled by the Turks, was promised to France in 1916, and the French waived their claim when it was incorporated into the Mandated Territory of Iraq only on condition that they should be paid a quarter of the profits of the oil-fields. An Iraq Petroleum Company was formed to exploit Mosul, investment by Westerners in that company rapidly reached the figure of ten million pounds and a pipe-line was laid across the Syrian desert to take the oil to Haifa and to Tripolis. The solvency of the new Iraq kingdom depended upon royalties from the oil-fields. If the Iraq Government failed to maintain order in Mosul there was no doubt that the Western powers would intervene to protect their interests.

The province of Mosul had in ancient times been the home territory of the Assyrian Kingdom; never had it been Arabic in character. The majority of the inhabitants were Kurds, and it was on this ground that the Turks, who in their National Pact had renounced all claims on the



Arab-speaking dominions of the Ottoman Empire, laid claim to Mosul after the War. They intended to unite the half-million Kurds of Mosul with the three million Kurds who lived north of the Zoga Mountains and to impose Turkish language and government upon them. The Allies, on the other hand, had laid down at Sèvres that Northern Kurdistan should become an independent State which the Kurds of Mosul might join if they desired. When this treaty was not ratified, the Allies changed their policy, insisting that the province of Mosul was strategically necessary to the new State of Iraq. This was no doubt true, but it was hard on the Kurds, who had been the enemies of the Iraqis from time immemorial and who would have preferred dependence on Turkey to dependence on Iraq. The Kurds have a proverb:

A Camel is not an animal,  
An Arab is not a human being,

and there is an Arab proverb: —

There are three plagues in the world,  
The Kurd, the rat and the locust.

The Kurds resisted the new domination strenuously. They are fine fighters — the Kurd has the finest physique in all the Middle East — but the odds were too heavy for them. The British with Assyrian auxiliaries overran Mosul and set up a Government of British officers, who were eventually replaced by even less sympathetic Iraqis. And so between the economic imperialism of France and Britain and the naissant nationalism of Turkey, Iraq and Persia (where there are 700,000 Kurds) it would seem that that fine race, the descendants of the ancient Medes, will be crushed to death.

A similar fate is in store for another race which war-necessities of Great Britain brought within the boundaries of Iraq. Before the war some forty thousand Assyrians lived in Turkey. Theirs was the difficult existence of a Christian community surrounded by Moslems, but they were proud of their faith, which was that of the Nestorian branch of the Church, and showed no tendency to be absorbed into Islam. When the war broke out British agents encouraged their young men to leave their homes and join in the war against the Turks. After the war they found themselves encamped in the No-Man's-Land between Turkey

and Iraq. Turkey, not unnaturally, refused to let them return to their Anatolian villages: they had made their bed, now they must lie on it. But the British proceeded to estrange them from their new bedfellows by using them as auxiliaries against the Kurds and, subsequently, by employing them to guard the British aerodromes in Iraq — a duty for which it was too costly to employ European troops and which Iraqis could not be trusted to perform. Active persecution began in 1924 when the Turks plundered the Assyrian settlements in the No-Man's-Land. Thousands of Assyrian refugees took refuge in Iraq, where the British authorities promised them asylum.

In 1933 Great Britain surrendered the Iraq Mandate and their promise to the Assyrians was forgotten. The Iraq Cabinet determined on the extermination of the infidels and refused to listen to Feisal's pleas for moderation. Neatly they hoodwinked the British by sending British 'planes to drop leaflets on the Assyrian encampments, promising them safety if they gave up their arms. The Assyrians duly surrendered. A few days later they were massacred in cold blood by Iraqi troops.

*The Mandate Ends.* This was October 1933, a month after the death of Feisal. To Feisal more than any other leader except Ibn Saud must go the credit for having played the part of *accoucheur* to Arab nationalism. But whereas Ibn Saud brought the Kingdom of Hedjaz-Mejd into the world by Caesarian section, Feisal allowed the process of birth in Iraq to take its normal course. Yet when he died his work was still unfinished, the problems of nascent nationalism were still unsolved. There was still friction between townsmen and tribesmen and between Sunnis and Shi'is. There was still no bond between the Iraq majority and the Kurdish minority. Above all there was still in illiterate Iraq no public-spirited class of men ready to undertake the responsibilities of democratic government.

Feisal's son Gazi I succeeded in solving none of these problems. He was only twenty-one when he came to the throne, and was not the man to galvanize a nation into unity. The old gang of politicians continued in power, squabbling among themselves but never admitting new blood to the governing circles. Between 1921 and 1936 there were twenty-one Cabinets, all consisting of fermentations and combinations of the same twoscore men. The Iraqis began to compare the backward

state of their Kingdom with the progress which dictators had brought to Turkey and Persia. They were ripe for a dictatorship.

In October 1936 they got it. General Bakir Sidqi carried out a *coup d'état* and replaced the cabinet by his Turkish friend Hikmat Sulaiman. Iraq surrendered her democratic birthright for a mess of officers. The new rulers were dictators indeed but there was an external limit to their absolutism. As P. W. Ireland wrote in his authoritative book on Iraq: "The new régime seems to have realized, as have other Iraqi Governments in the past and as all others must in the future, that, whatever the internal political changes, order must be maintained, and that commerce, oil-production and air-routes must not be disturbed." In other words, Iraq must take care not to damage British Imperial interests.

In this as in other problems the postwar history of Iraq resembles not so much that of Turkey as that of her northeastern neighbor, Persia.

*Riza Khan's Coup in Persia.* At the beginning of this century Persia had fallen a prey to British and Russian imperialism. In 1907 an agreement was signed by which Great Britain took control of the southern half of the country and Russia of the northern. The fall of the Tsar in 1917 meant the withdrawal of Russia's claims and opened up a glorious prospect to Britain's Foreign Minister, Lord Curzon. He dreamed of extending British control from the Persian Gulf to the Caspian and adding a magnificent frontier province to British India. British forces drove the Turks back over their borders in 1918 and garrisoned the strong places of Persia, and the Shah had no alternative but to sign, in 1919, an agreement by which Persia came under the military and political control of Great Britain.

The dream was rudely shattered. The Bolsheviks overran the province of Gilan in North Persia, established a Soviet Republic there in 1920 and went on to invade the fertile plains of Mazanderan. There was among the defeated Persian Cossacks a young officer who had been bred on a farm in Mazanderan and who felt keenly the approaching dissolution of his country. In 1921 he rode into Teheran — an unknown trooper with only three thousand men behind him — arrested the most prominent officials, forced the Shah to nominate him Commander-in-

Chief and Minister of War, and made himself military dictator of Persia. The British agreement was repudiated and the Soviet Republic of Gilan was dissolved.

The trooper's name was Riza Khan. For years he had served in the Persian Cossack division which had been administered and officered by the Tsarist Army; he had no organization or influence to support him; he established himself by the force of his personality and by his infectious faith in Persian nationalism. In October 1923 he became Prime Minister of Persia and the Shah left on a "visit" to Europe. Almost on the same day another soldier was proclaiming himself first President of the Turkish Republic. Riza Khan was tempted to take the same course, to establish a Republic in Persia, but the weight of religious opinion was too strong to allow him to follow the example of the impious Turks, and Persia remained an Empire without an Emperor until 1925 when the Constituent Assembly made Riza Khan the Shah. He chose the title of Shah Riza *Pahlavi*, a word which means "Parthian" in old Persian.

His crown was richly deserved. In the four years since his *coup d'état* he had restored law and order to Persia; the feudal chieftains had been forced one by one to capitulate, the British had withdrawn their officers from the South Persian Rifles, and even Sheik Keisal, who had enjoyed a partial independence of Persia under British protection, thanks to the importance of his lands on the Shatt-el-Arab to the Anglo-Persian Oil Company, had surrendered to the new Government of Teheran.

*Persia Becomes Iran.* Persia had won her independence but independence in the modern world can be retained only by modern methods. Riza Shah's great problem was how to introduce that measure of Western technique which was necessary to the defense of Persia without giving the control to Western experts who would bring Western political ambitions in their train. He could not rely on Persians to carry out a movement of modernization for themselves. The Persians are the laziest and most undisciplined people in the world; nearly a quarter of them were still leading the nomad life, there was no *élite* of Western-educated intellectuals as there was in Turkey. Riza Khan had perforce to hand over much of the administrative business to foreigners from the West. The finances were put under the control of Americans headed

by Dr. Millspaugh, the Customs under Belgians, some of the educational work under Frenchmen. So far Riza Shah was running no risk, for France, Belgium and the United States had no political irons in the Persian fire. It was in dealing with Russians and Englishmen that he had to be careful. The Transcaucasian and Transcaspiian Republics were now part of the U.S.S.R. and the Soviets were pressing for communications from the Caucasus to the Persian Gulf. The British controlled the Anglo-Persian Oil Company, which employed twenty thousand Persians and ran a pipe-line from Ramuz to the island of Abadan, where they were building an immense refinery and port; what is more the British were pressing for a railway from Baghdad to Teheran and for an air route from Persia to India.

Persia had the direst need for improved means of communication: "On account of transport difficulties," wrote Dr. Millspaugh in 1924, "surplus wheat and barley may be rotting in the fields of one part of Persia while six hundred miles away the population may be suffering from a bread famine." At the same time it was essential that the new routes should not be under foreign control. Very skillfully the new Shah played the British off against the Russians. He vetoed the plan for a Baghdad-to-Teheran railway but allowed a road to be built instead and granted Imperial Airways the right of building air-stations for their Cairo-to-Karachi route on condition that the aerodromes should become Persian property. At the same time he allowed the Soviets to run an air-service from Moscow to Teheran and promised to lay a railway from the Caspian Sea to the Persian Gulf. For this railway he chose a northern terminus which was well outside Russia's sphere of control on the Caspian and a southern terminus equally well outside British control on the Persian Gulf. The obvious southern terminus was Mohamarah on the Shatt-el-Arab but this was far too near to Iraq. The station was built instead at Khor Masa, a deserted inlet of the Persian Gulf, and in 1930 His Majesty himself opened the southern part of the line — not without difficulties if we are to believe the report in *The Times* that the royal train "was twice derailed and finally the engine caught fire." Riza Shah played a dangerous game successfully; he gave Persia a skeleton system of transport and communication at the partial expense of Great Britain and the U.S.S.R. without sacrificing political independence to either.

To achieve economic independence was a more difficult matter. Comparatively speaking, the economic position of Persia is not bad. "The standard of living is markedly higher than the average in India, and lower than in Western Europe. The Persian peasant eats unleavened wheatmeal bread and supplements it fairly frequently with cheese, mutton, rice, fowls or eggs. The very poorest villagers eat bread made of barley or even millet or acorns. Sugar and tea are expensive but astonishing quantities are consumed. The Persian digestive system thrives on healthy lubrication with animal fats. Fruit in season is plentiful and good. The people are usually well clad and there is little destitution. . . . With Persians the extremes of poverty and wealth are not so far apart as in industrially organized Europe. The general standard is simple but sufficient."<sup>1</sup> Yet Persia is not self-supporting; almost all her cotton cloth, sugar and machinery come from abroad. The Shah has been able to do nothing to make his country independent in the last two respects though he has done something to check the importation of the first — much the largest item on the import list — by setting up cotton factories in five of the largest towns. To balance her imports Persia exports carpets, fruit, opium and oil. For her carpet and fruit market Persia is dependent on foreign nations' tariff systems, and especially on the good will of Soviet Russia. And the market for opium is at the mercy of international opinion on the moral value of that article: the League of Nations suggested that Persia should substitute other crops for the poppy and Riza Shah replied that he was only too willing to restrict poppy-growing if fellow-members of the League would reduce their tariffs on other products of Persia; and there the negotiations broke down.

The oil market, secured by the needs of the British Navy, is much more important. The royalties and dividends paid by the Anglo-Persian Oil Company formed the largest item in the Persian budget but they were an unsatisfactory form of revenue, for their amount depended on the policy of foreign company-directors. In the world crisis the directors began restricting output for price-raising purposes, with the result that Iran's share fell from £1,288,000 in 1931 to £306,000 in 1932. Indignant at this, Riza Shah announced that the Company's concession was canceled. The world expected that the impudent Shah would be

<sup>1</sup> A. T. Wilson in *Persia*.

brought to his knees by forceful imperial intervention, but Great Britain was in no mood for violent methods just then. The dispute was referred to the League of Nations, with the result that the Company's concession was renewed for sixty years on terms much more advantageous to the natives. Iran was to receive 20 per cent of the Company's profits, with a guaranteed minimum of £750,000, and four shillings royalty on every ton of petrol produced. The Company undertook to employ Persian subjects as skilled workers and technicians, setting aside £10,000 a year for their education in the oil industry. Riza Shah's methods might be deplored, but his success was beyond doubt. In 1935 he symbolized it by changing the official name of Persia to the old form Iran, with its echoes of truculent independence.

No one would deny Riza Shah respect for his handling of the internal situation. Before 1921 the Shah's Government was not obeyed beyond the town-moat of Teheran; today his word is law in every province. Order in that huge country—its twelve million people are scattered over territories three times as large as France—has not been won by persuasion. The Parliament is as impotent as the Turkish Parliament under Mustapha Kemal and the Italian Parliament under Mussolini: Iran is ruled by the army, a finely trained force with a peace-strength of over 70,000. At first the *Ulema* opposed the edict of conscription which Riza Shah judged necessary; it was contrary, they said, to Koranic law. The Shah treated them with the utmost respect, invited them to Teheran and gave their leaders seats in his Cabinet; and the *Ulema* thought fit to reconsider their interpretation of the Law.

The best soldiers of Iran come from the nomad tribes. Riza Shah's difficulty has been to find a way of preserving their military virility and at the same time of ending the habits of raiding and anarchy which the nomadic life is apt to engender. He has found a solution by encouraging the tribes to confine the care of their wandering flocks to a few families and to settle the remaining families as cultivators in agricultural districts. At the same time he has surrounded the tribal lands by a class of peasant proprietors whom he has subsidized by liberal grants.

There is an obvious superficial parallel between the postwar history of Turkey and of Persia: in both countries there has been a national revival under a soldier who has made himself Dictator, in both the

foreign Capitulations have been abolished, in both a degree of Western technique has been introduced, in both there is an acute distrust of foreigners, Persia going as far as to pass in 1933 a decree forbidding State officials and officers of high rank to associate with European women or to attend receptions given by foreigners. Both are dependent on Great Britain for the capital resources on which their economy depends: the British Parliament authorized a loan of ten millions to Turkey in 1938, and eleven and a half millions of British money had been invested in the Anglo-Persian (Iranian) Oil Company.

But we must not let the similarities blind us to the differences, which are as great as that between the unbalanced upstart violence of Mustapha Kemal and the monumental handsome dignity of Riza Shah. The Turkish revolution has been that of a race establishing itself as a nation for the first time, the Persian revolution that of a very old nation comprising many races turning to secure its national autonomy. Under the necessity of ridding themselves at once of old shackles the Turks have torn off much of their living flesh, doing violence to their own traditional culture. The Persians have had no need of such violence; they abolished the Religious Courts, it is true, but they preserved the Islamic law of marriage and divorce; their culture lies immeasurably deeper than the Turks' and the Shiah rite of Islam was established in Persia when the Turks were still savage nomads in the Gobi desert.

*Afghanistan.* Movements towards Westernization and nationalism were common to most Islamic States in the early twentieth century, but they were not always successful. In Afghanistan for instance they were a signal failure. The Afghans had long suffered for being a buffer between Russia and Great Britain. The Russian Revolution of 1917 removed the danger of Russian Imperialism and the Afghan King Amanullah considered that in future his country could do without the galling support of Great Britain, especially as the British were then the arch-enemies of Turkey and of the Sultan-Caliph who was the leader of the Moslem World. Amanullah sent expeditions over the Khyber Pass against British India in 1919, but the days when Afghan tribesmen were a match for Western soldiers were past; they had no weapons to withstand the bombing plane and the machine gun. He was forced to conclude a treaty with Great Britain in 1921 and was lucky in that



the British did not insist on inserting a clause stipulating British control of Afghanistan's foreign policy. In the same year he made a similar treaty with Soviet Russia. Now he felt safe in introducing Western reforms after the manner of Mustapha Kemal and Riza Shah. But Amanullah was not an inspiring national leader and his subjects were more orthodox in their allegiance to Islamic law than the Persians or the Turks. Revolts broke out against the King's reforms in 1923, and in 1929 Amanullah was driven off the throne. His successors fared no better. His brother ruled for a few days, a usurper for a few months, and King Nadir Shah Gazi for four years. British help accounted for the comparative longevity of the latter, he was lent without interest £750,000 and 10,000 rifles with five million rounds of ammunition; but in November 1933 he was assassinated and his nineteen-year-old son mounted the precarious throne as King Zahir Shah.

Russo-British jealousy still denies Afghanistan the prospect of emancipation. That country is still a pawn in the game of the Great Powers, as Persia was until 1921.

#### IV · NATIONALISM IN EGYPT

IN no part of the world are the contradictions inherent in British imperialism to be seen more clearly than in Egypt. Great Britain began to take an interest in Egyptian affairs when Napoleon I struck at her Eastern communications by way of the Nile delta. When Napoleon III built a canal through the isthmus of Suez, that interest became a passion. The bankruptcy of the Egyptian Khedive was the excuse for buying a controlling interest in the canal, and the attempt of an Egyptian soldier, Arabi Pasha, to win "Egypt for the Egyptians" was the excuse for establishing a military occupation of the country. For twenty-two years the British ruled Egypt without admitting that they were exercising any degree of sovereignty whatsoever. Egypt was part of the Ottoman Empire and the British were there nominally as officials and officers of the Khedive and of his overlord the Sultan-Caliph; they observed the formalities of the Ottoman régime, risking sunstroke by wearing the fez and ridicule by adding the Turkish title "Pasha" to their incongruously English names. In 1914, when war was declared between Great Britain and the Ottoman Empire, it became impossible to keep up that pretense any longer: a Proclamation of December 18 announced that "Egypt is placed under the protection of His Majesty and will henceforth constitute a British Protectorate."

*The British Protectorate.* Even then the object of British policy was not clearly stated. An appearance of Egyptian independence was maintained, the Khedive was honored with the title of Sultan; it was insisted that the Protectorate was a war-time expedient, not a permanent annexation to the Empire. The Egyptians were not invited to join the Allies in the war against the Central Powers. They found themselves consequently in a most anomalous position: Egypt, to quote Lord Lloyd, "was neither combatant nor neutral: she was in the heart of the strife yet not of it. . . . For England, Egypt became a theatre of war, merely an armed camp of the greatest importance. But to herself she was still

a country occupied with her own problems, intensely aware of their importance, and only incidentally concerned with the issue of the armed struggle."

It was obvious that the Egyptians would be the sufferers from this situation, but no one could have foreseen the degree of ill-treatment to which they were actually subjected. In spite of the fact that the British had explicitly promised not to call upon the Egyptian people for military aid they used the Auxiliary Egyptian Corps in active fighting against the Turks and pressed thousands of *fellaheen* into ill-paid service in the Egyptian Labour Force by a method which amounted to conscription. The whole Nile delta was put under martial law and the inhabitants became hewers of wood and drawers of water for two hundred thousand Allied troops. Corn was commandeered by the English and the entire cotton-crop was bought up at a not very generous price. Camels and donkeys — for which the Egyptian feels some of the personal attachment which an Englishman feels for his horse — were requisitioned. It is true that the hotel-proprietors and shopkeepers of Cairo and Alexandria grew rich, but the country as a whole learned to loathe the English from the bottom of their hearts and longed only for the end of the war when the promise of evacuation would be fulfilled. There was a chant popular among the *fellaheen* in those days:

Woe on us, Wingate<sup>1</sup>  
Who has carried off corn,  
Carried off cattle,  
Carried off children,  
Leaving only our lives,  
For love of Allah, now let us alone.

When Armistic came the Egyptians naturally thought that the end of their troubles was in sight, since President Wilson's principle of self-determination was to be the basis of the peace settlement. To their utter surprise the British authorities refused to let them send a delegation to Paris. Though Abyssinia and the Hedjaz had sent delegations, Egypt was not to be allowed to state her case before the Peace Conference. Resistance to this ruling was promptly organized by a certain

<sup>1</sup> Sir Reginald Wingate was British High Commissioner, 1916-1918.

Zaghlul who formed a party (called the *Wafd*) which demanded nothing less than complete autonomy for Egypt. The British reply was to deport Zaghlul and three other *Wafd* leaders, in March 1919.

*The Nationalist Revolt.* This was greeted by a campaign of wholesale sabotage against the British. Egyptian Nationalists cut the telegraph wires and destroyed the railways and roads round Cairo until the capital was isolated from the outside world. The railway line from the Sudan they broke in two hundred places. For the most part the sabotage was carried out without bloodshed but at one country station national enthusiasm got out of hand and eight Englishmen were murdered. The Allies were thus forced to pay some attention to Egypt; they sent Lord Allenby out to crush the rising. Fortunately Lord Allenby had the wit to see that the rising was more than a put-up job engineered by half-educated politicians; he realized that it was a nationalist movement and that nationalism, like religion, thrives on persecution. Previously Egyptian nationalism had been confined to the professional classes, to the young officers in Arabi's day and more recently to the students, lawyers and journalists who comprised the small native intelligentsia. The result of the War had been to spread nationalism to the naturally peace-loving *fellaheen*.

*An "Independent Sovereign State."* The political history of Egypt since 1922 has been one long struggle to come to an agreement with Great Britain on these four reserved points. Controversy was most heated over the first and last. "By Britain's communications," writes Lord Lloyd, "must be understood not merely the Suez Canal but all communications by sea routes, air routes, or land routes, with India and Australia within the Empire, and with Persia, Mesopotamia and China, where our political and commercial interests at stake are incalculable; there were also our aerial communications with African territories." Egyptian opinion was prepared to recognize that these communications were vital to the well-being of the British Empire but held that guarantees of their preservation should not be wrested from the Egyptian Government by *force majeure*; after all the British had recently granted independence to the South Africans and to the Southern Irish without insisting on such "material guarantees" and

they should be prepared to show similar confidence in the people of the Lower Nile.

The Sudan was an equally hard nut to crack. The Sudan is a vast territory including the upper valleys of the White and the Blue Nile; whoever controls the Sudan controls the entire water-supply of Egypt. The argument of the Egyptians with regard to the Sudan was the same as that of Great Britain with regard to the Suez: her whole economic life depended on it. In addition the Egyptians claimed that they were united by religious, linguistic and political links with the people of the Sudan, for the religion of both countries is Islam, the language of both is Arabic ("Sudan" is an Arabic word meaning "the Blacks") and in the nineteenth century both were under the common rule of Mehemet Ali by whom Khartoum was founded. To these weighty arguments the British replied that they had won back the Sudan for Egypt after the Mahdi-ist rebellion of 1883-1895, that British enterprise had planted the Sudanese cotton-fields and built railways and ports, and that therefore they were entitled to share with Egypt the sovereignty of that area.

The British attitude towards the "reserved points" aroused a wave of resentment among Egyptian nationalists. Every Dominion in the British Empire, they pointed out, had a greater degree of self-government than that which was allowed to the "independent sovereign State of Egypt" by the Declaration of 1922.

A great deal depended on the character of the *Wafd* leader. Zaghlul was the idol of the Egyptians. They gloried in his career, remembering that he had been born a humble *fellah*; had taken part, as a young man, in the Arabi rising of 1882; and later had risen by his wits to be Minister of Education, and the most popular of all Lord Cromer's ministers; they delighted in his personality, loving his tall angular body, his unfailing sense of humor, his unpretentious pleasure-loving way of living and his gift of prophetic oratory. No one in post-war Egypt has had a fraction of Zaghlul's popularity — Fuad, the man whom the British chose to be the first King of Egypt, was openly hated, he had been brought up in Italy and knew nothing of Egyptian affairs. On his return from his second exile Zaghlul became Prime Minister of the new Egyptian Parliament with a strong majority behind him. If British diplomatists could have made him see their point

of view, the Egyptian problem would have been settled. They failed, and blamed Zaghlul for being an irreconcilable revolutionary. When Egyptian nationalism like all such movements rose to fever heat and, passing beyond the control of its leader, expressed itself in a series of political assassinations, the British laid the death of their officials at Zaghlul's door. A climax was reached in 1924 when Sir Lee Stack, the Commander in Chief of the Egyptian Army and the Governor General of the Sudan, was assassinated in Cairo. Zaghlul was forced to resign and a period of repression followed during which King Fuad ran the internal administration of Egypt on the old despotic model of rule by "King's Friends." Great Britain seemed to prefer this régime in Egypt to any essay in responsible government, for when the general election of 1926 returned a huge *Wafd* majority, and the new High Commissioner, Lord Lloyd, objected to Zaghlul's becoming Prime Minister, Zaghlul stood down. He remained the most influential man in the country. In 1927, when in his sixty-seventh year, he died. All Egypt went into mourning.

*Palace Dictatorship.* Zaghlul's death did not bring an understanding with Great Britain any nearer. In 1930 the Labour Government offered Egypt a new treaty: Egypt was to be allowed to officer her own army provided that Great Britain might use Egypt as a base in case of war, the office of High Commissioner was to be abolished, and the Sudan was to be under the joint rule of the two Powers. The Egyptian Parliament rejected the treaty; it did not go far enough for Zaghlul's successor, Mustapha Nahas, who had come into power with a Nationalist majority at the elections of 1929. So King Fuad took advantage of British favour to suspend Parliament.

Thereafter Fuad's friend Ismail Sidky ruled Egypt as a Dictator. In October of that year he promulgated a new Constitution. The King was given the right to suspend or dissolve Parliament and to nominate sixty out of the hundred members of the Senate. The Chamber of Deputies was to be elected by the people only in the first electoral stage, that is to say the people might choose one voter out of every fifty to act as parliamentary elector. Half a loaf in this case was as bad as no bread, for the *Wafd* was forbidden to hold meetings, its Press gagged and at the elections of 1931 its leaders shut up in Cairo. Hun-

dreds of people were wounded by the police in the course of these elections and the results, as might have been expected, gave Sidky a comfortable majority.

It has been seen that the movement for democratic self-government which rose with the postwar prosperity of Egypt was not able to survive the economic slump. The postwar cotton boom brought fabulous riches to Egypt; land soared in value and between 1916 and 1920 the price of cotton rose by almost a thousand per cent. For ten years Egyptians had money to burn and the torches of political reform flared high. Then came the slump of prices and Egypt, following the example of countries more experienced in democracy, resorted to Dictatorship to guide her through the dark years.

*The Treaty of 1936.* In 1935 the whole political situation was changed by Mussolini's invasion of Abyssinia. For the moment Egyptians became more frightened of Italy than of England. Mussolini was pouring troops through the Suez Canal, seizing the sources of the Nile at Lake Tana, massing nearly 80,000 troops on the Libyan frontier. Egypt saw herself threatened on three sides, and even the *Wafd* realized Egypt's need for a protector and recognized that England would be preferable to Italy in that rôle.

The outcome of this was an Anglo-Egyptian Treaty of Friendship and Alliance signed in August 1936. England agreed to remove her troops from Cairo and Alexandria in return for Egypt's recognition of her right to defend the Suez Canal. Egypt agreed to link her foreign policy with that of England and to accept the *status quo* in the Sudan, in return for England's support in securing her admission to the League of Nations and in abolishing the Mixed Courts. Thus some old sores were healed and Egypt came a step nearer to real independence.

The problem of constitutional government in Egypt remained to be solved. The democratic Constitution of 1923 was put into force and the *Wafd* came into power, but the Nationalist Party proved less effective when in power than it had been in opposition. Furthermore, by negotiating the English treaty the *Wafd* had removed the main plank from its political platform. Administrative slackness and corruption together with internal dissensions gave the King, Fuad's son

Farouk, the chance to dismiss the *Wafd* leader Nahas Pasha at the end of 1937. Friction between the Court and various divisions of the *Wafd* continued, and the young English-trained King showed that he had inherited his father's hatred for democracy. It will be a long time before Egypt, with her mixed races and her long history of oppression, will learn the meaning of democratic self-government.

*Conclusion: Islam Adolescent.* Less than a generation ago the Islamic world was still medieval. Like Christianity in the Middle Ages Islam was more than a metaphysical faith: it was a system of social and personal behavior. All orthodox Sunni Moslems recognized the primacy of the Caliph, and Moslems of whatever denomination allowed their dress, their speech, their manners, their conduct towards wives, children and the surrounding world of infidels to be prescribed by learned men's interpretation of the Koran and the Traditions of the Prophet. But already Islam was being threatened by the incursions of the Western world; British rulers were in control in India, Egypt and the Persian Gulf, Russians in Turkestan and North Persia, French in North Africa, and the Ottoman Empire was riddled by foreign Capitulations. Western imperialism brought Western ideas, and at length it became obvious that Islam was faced by a direct choice: either to adapt herself to Western civilization or to be absorbed by it.

The climax came in the World War when Turkey, Syria, Palestine, Iraq, Egypt and Persia became battlegrounds for the struggle between the Western nations. At first it seemed as if the West would absorb Islam: in the years immediately following the Armistice Syria, Egypt and Iraq were put under what amounted to French and English martial law and Persia and Turkey were on the point of being partitioned. Then with a great effort Islam flung herself free: Turkey won her independence under Mustapha Kemal, Persia under Riza Khan, Arabia under Ibn Saud, and by national risings Egyptians, Iraqis and Syrians asserted their right to control their own internal Government. In the grip of the modernized West the Islamic lizard had sloughed its skin and emerged in a new guise.

Islam is free. But it is not the old medieval Islam. The superficial change has been so great that many people hold that Islam is dead and that the Middle East of today is not Islamic at all. It is true that



most of the old distinguishing marks have gone. The Caliphate has disappeared without a hand raised to save it, and it is certain that if ever the office is revived it will not be in the Islamic form of a temporal power but as a spiritual primacy after the fashion of the modern Papacy. The status of women in Moslem towns has been changed: no longer are they the property, in the economic sense, of the men — Turkey has even gone so far as to give men and women complete political equality. The Arabic script is no longer common to every Islamic language; it has been replaced by Latin letters in Turkestan and Turkey and the reform, there is no doubt, will spread. And Arabic dress has been discarded to some extent in Persia, Egypt and Iraq as well as in the Turkish countries and will soon become the exception rather than the rule in all Moslem towns. But these changes are not much more than skin-deep. The Caliphate, the subjugation of women, Arabic letters and the covered head were only incidental to Islam. The life of Islam depends not on them but on the Faith and on the vitality of the Islamic people. The Faith is still alive: millions of Moslems still observe the daily calls to prayer, fast in the month of Ramadan and make once in their life the pilgrimage to Mecca, and even to Turks, late converts to Islam as the Russians were to Christianity, there is still no God but Allah.

The vital test of an organism is its capacity to adapt itself to its environment. The Islamic people have proved their virility by adapting the political and economic weapons of the West. They have ensured their survival by taking on the protective coloring of the Western world. In a world of nation-states Islam has taken to nationalism. Where before the dominant antagonism was between Moslem and infidel, Sunni and Shi'ite, it is now between patriot and foreigner. The repudiation of the foreigner has been carried to strange lengths. Capitulations which had been tolerated since the first day of the Ottoman Empire are gone, and the Englishman who in prewar days was *persona grata* in most Moslem countries is today discredited and distrusted more than any other infidel. The nationalism which has meant less political tolerance has created a new spirit of religious tolerance, Sunnis and Shi'ites work together in Iraq, Sunnis and Zoroastrians in Persia, and Copts and Moslems sit side by side in the Egyptian Cabinet.

The tempo of adaptation has naturally varied according to the closeness of contact between the various countries and the West. Turkey is already a modern State, as much "Westernized" as any of its European neighbors in the Balkans. The Arabia of Ibn Saud, on the other hand, is still medieval. The Arab tribes have to be cured of primitive habits of internecine strife, and consciousness of unity impressed upon them by service of a common religious creed through years of hardship and tribulations before they can be entrusted with the fleshpots of Egypt, let alone with the firearms of England.

The position of the Islamic world today is like the position of Christendom at the Renaissance: it is splitting up into new states, some secular in spirit, some based on a Protestant revivalism, all looking to the rational spirit of scientific discovery to ensure their survival. In Renaissance days wisecracks, bemoaning the lapse from orthodoxy and introduction of pagan science and literature, announced that Christendom was decadent. In modern times *Mullahs* make the same complaint against Islam. Yet Christendom built up a new civilization after the Renaissance and conquered half the world. It would be absurd to push the parallel too far and to foresee the same future for Islam; but it is perhaps worth while to emphasize that the absorption by Islamic peoples of an infidel culture (which is in its essence only the development of the Arabic science and Greek philosophy absorbed by Renaissance Europe) is a sign not of decadence but of adolescence.



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## PART FOUR: THE FAR EAST

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## I · INDIA: TOWARDS SELF-GOVERNMENT

THE Far East is a vague term, but no more vague than the average Westerner's conception of those two great civilizations which it is used to cover. Isolated from the rest of the world by the oceans and the mountains and deserts of Asia, India and China developed magnificent indigenous civilizations, distinct at first but later united by the spread of Buddhism which formed a spiritual link between them and also with the countries of Indo-China and the islands of the East Indies and of Japan. When at last modern means of transport overcame the natural barriers of Asia, the Far East became a happy hunting ground of traders from the West. First India was brought under the control of a British trading company. Then China's rivers were penetrated by the Western merchant. There were revolts against these foreign invasions but the Westerners had modern weapons: the Chinese revolt (1842) against the British importation of opium was followed by a war which forced concessions of land and privileges from China, the Indian Mutiny (1857) was followed by suppression and the inclusion of India in the British Empire. Meanwhile Indo-China and the East Indies had been partitioned by France, Holland and Great Britain. Only Japan withstood economic conquest, and she saved herself by copying Western methods of warfare and industry and by joining in the race for markets on the mainland of Asia.

In the postwar period all the Far Eastern countries — between them they cover a third of the earth and include nearly half of the world's population — have been swept by a common movement. They have adopted the spirit of nationalism and have used it as a binding force to revive their own traditions and as a revitalizing force to adopt their conquerors' weapons of industrialism in defense against the West. The period is one of nationalist revolt. The process began before 1918 and was by no means complete in 1938, but it may perhaps be held that this has been the critical period. Our business is therefore

to follow the course of Indian reform movement, of the Chinese Revolution, of Japanese imperialist expansion and of the revolt of the East Indies.

*First Principles.* Lord Cromer once wrote of the British imperialist that "he is in truth always striving to attain two ideals, which are apt to be mutually destructive—the ideal of good government, which connotes the continuance of his supremacy, and the ideal of self-government, which connotes the whole or partial abdication of his supreme position. Moreover, although after a dim, slipshod, but characteristically Anglo-Saxon fashion, he is aware that empire must rest on one of two bases—an extensive military occupation or the principle of nationality—he cannot in all cases quite make up his mind which of the two bases he prefers."

In the case of India, the British imperialist of prewar days took it for granted that good government was the ideal. By successive conquests and annexations he brought two thirds of the vast subcontinent under his rule, calling it British India and dividing it into fifteen provinces under British Governors and British Councils, and holding it together by means of a Governor General and a Central Council who were responsible to the Parliament at Westminster. The remaining third consisted of Indian States, nearly six hundred in all, many of them ruled by hereditary Indian princes but all of them under the indirect control of Great Britain. The rule of the British was benevolent and efficient, and in that sense deserved the name of good government. The conquerors prided themselves on having abolished flagrant abuses such as human sacrifices and the custom by which widows let themselves be burned alive on the funeral pyres of their husbands; and on having given India railways, roads and other material blessings of Western civilization. They complacently forgot that justice demanded that Indians should eventually govern themselves. The effort made by Indians in the Great War came as a reminder. A million and a half Indians served Britain overseas and forty million pounds were contributed by India to the expenses of the war which was being fought to make the world safe for democracy. Indian politicians did no more than echo the words of Allied statesmen when they claimed that India had the right to self-government. In 1916 the Indian National Congress and the All-India Moslem League held a combined meeting and

adopted "Home Rule for India" as their policy. The National Liberals (or Moderates) acquiesced in principle though favoring more gradual methods in practice. These three parties did not, of course, represent the masses, who were illiterate and not politically conscious, but they were fairly representative of the educated class. The Congress especially deserved to be considered as a National Party, for since its foundation in 1885 it had steadily increased in influence and had won sympathizers in every quarter of India; though originally a party of intellectuals it had found supporters outside the educated class, and though originally a Hindu movement it had many members who were Moslems.

The British Government could no longer ignore the ideal of self-government. In 1917 Mr. Montagu, the Secretary of State for India, announced that "The policy of His Majesty's Government, with which the Government of India is in complete accord, is that of the increasing association of Indians in every branch of the administration, and the gradual development of self-governing institutions with a view to the progressive realization of responsible government in India as an integral part of the British Empire. . . ."

In spite of this admission and the apparent agreement in principle between English and Indian politicians, there was more disturbance in India and more ill-feeling between the two races during the years that followed than at any other time since the Mutiny. The reason for this is that India had been a conquered country for many generations, and conquest leaves its mark on the mentality of conquerors and conquered alike. The British had got into the habit of running the administration of India; it was unthinkable to them that Indians could manage their own affairs successfully. The Indians on the other hand had been kept in chains so long that they had developed all the characteristics of the slave's mentality — the habit of vindictive and destructive criticism divorced from any power of initiative or sense of responsibility. Whenever the British made up their minds to give Indians control over some branch of the administration, they kept a check on their conduct in the shape of some safeguard or other. And the Indians, enervated by generations of irresponsibility, either administered badly or refused to co-operate at all with the reforms.

*The Reforms of 1919.* The first instance of this came in 1919 when the Westminster Parliament passed a new Government of India Act



based on the report made by Mr. Montagu and Lord Chelmsford. The promise of "gradual development of self-governing institutions" was fulfilled by allowing Indians in the Councils of the Provinces of British India to control certain "transferred" subjects, namely agriculture, education, public health and public works. The safeguard here was that finance was in the hands of the British Governor of the Province: the Indians were allowed only a small amount to spend on the transferred subjects; if, for instance, they should want to launch a campaign of primary education, for which the British administration had done virtually nothing, they would have to carry it out at the expense of agriculture and public health. The British Governor and his officials kept control of all other branches of the provincial administration, from land revenue to police. This system of divided rule was known as "dyarchy." In the Central Government there was no dyarchy; the central power remained with the British, though there was an Indian Legislative Assembly, with power to debate and to vote but not to legislate. The reforms applied only to British India; the Indian States — over a third of the country — remained under the more or less benevolent despotism of Indian Princes and their British advisers.

The Montagu-Chelmsford Reforms were a disappointment to politically-minded Indians. The publication of the report was followed by minor outbreaks of terrorism, and the British, realizing that the experiment of dyarchy would fail if any relaxation of law and order were allowed, passed a measure known as "the Rowlatt Bill" empowering the police to arrest and imprison suspects without warrant or trial. The Indian National Congress was naturally incensed by this tightening of the British screw and proclaimed a day of *Hartal* or cessation of work. It was intended to be a peaceful protest but in some towns mob fever got the better of individual decency and there was rioting. In Amritsar in the Punjab a large crowd assembled in the public square, and the civil authorities, frightened, called in the military to disperse it. Then a serious mistake was made: the British General, Dyer, ordered his men to fire, and 400 Indians were killed and 1200 wounded.

The news from Amritsar had much the same effect on India as the Peterloo Massacre on England a hundred years before. The rage and mortification of politically conscious Indians was doubled when it be-

came known that the House of Lords had "whitewashed" General Dyer, and that he had been presented with a purse of £26,000 raised by public subscription.

*Gandhi and Congress.* Perhaps the most serious result of the Amritsar incident was that it convinced one Indian patriot that British rule in India was an unmitigated evil. All his life Mohandas Gandhi had been a supporter of Great Britain. As a very young man he had gone to London, where he read law and became a Barrister of the Inner Temple. He returned to India in 1891, at the age of twenty-two, with a deep respect for English character and institutions. From 1893 to 1914 he was in South Africa. He raised and commanded a Red Cross unit during the Boer War, organized an efficient hospital to deal with an outbreak of plague in Johannesburg, and was head of a corps of stretcher-bearers in the Zulu revolt of 1908. His chief work during those years was to secure recognition of the rights of Indian labor in South Africa. He was no ordinary agitator; he based his teaching on religious principles and conducted his campaign not by violence but by passive resistance, or *Satyagraha*. The passive resistance movement ran for eight years and led to the removal of the unfair regulations against Indians. During the World War, Gandhi, back in India, worked to raise recruits to fight for Great Britain.

He was recognized by his contemporaries as a Mahatma, a great soul whose spiritual development entitled him to be a leader of men. The National Congress welcomed him as a guide and he taught them the deeper significance of their movement for self-government. *Swaraj*, or self-government, said Gandhi, must begin with government of the self. Only when a man is free from jealousy, anger and resentment is he fit to concern himself with the government of his fellows. And to achieve political *Swaraj* there must be no violence or evasion of punishment; the only weapon used must be *Satyagraha*, which in Hindi means Soul-Force, or the Force of Truth and which Englishmen have preferred to translate as "passive resistance" or, more commonly, as "Civil Disobedience."

It was Gandhi who persuaded Congress to answer "Amritsar" by *Satyagraha*. At first he had been in favor of the Indians' co-operating with the British to work the Montagu-Chelmsford Reforms, but

Amritsar convinced him that British rule could bring no good to India. A campaign of Civil Disobedience was proclaimed urging Congressmen and others to boycott British schools and law-courts, to ignore British institutions and to refuse to buy British goods. Subsequent events proved that Indians did not yet understand what Gandhi meant by *Satyagraha*. He supported the movement amongst Moslems to protest against the Allies' treatment of their Caliph in the projected Treaty of Sèvres; but the Indian Caliphate Movement led to a terrible rising of Moslems against the Hindus in Malabar in the course of which 3000 Moslems were killed. The first campaign of civil disobedience failed. To Gandhi the failure meant that he himself had not attained spiritual purity; he retired from politics for six years—for two years (1922–1924) he was in prison, for the rest his activities did not bring him into conflict with the Administration.

From the British point of view *Satyagraha* was merely a form of rebellion, preferable perhaps to open rioting but more difficult to deal with. There was no way of forcing Indians to buy British goods. When arrested for civil disobedience Nationalists offered no resistance; they went meekly to prison. The jails in 1922 were full of political prisoners. Gradually it was borne in upon the British that a new force was at work among the Indians. To Indians, Gandhism meant more than nonviolent rebellion: it meant a revival of their own Hindu culture which had been sapped by centuries of conquest. The Mahatma taught the lesson of self-mastery as a way to at-one-ment with God, the lesson which Hindu *gurus* had always taught but which had never before been brought within the comprehension of the masses.

Several years were to pass before the constitutional question came forward again. Meanwhile Congress was active in what may be called the constructive side of its program.

This included five cardinal points. The first was the revival of hand-spinning and hand-weaving in the villages. In the days before the British conquest India had spun her own yarn and woven her own cloth. Under the British, cotton was exported to Lancashire and sent back as finished cloth. This meant starvation for hundreds of thousands of natives. "The misery hardly finds a parallel in the history of commerce," wrote the Governor General in 1834, "the bones of the cotton workers are bleaching the plains of India." Gandhi preached the revival of the

village cloth-making handicraft: "It alone," he said, "offers an immediate, practical and permanent solution of that problem of problems that confronts India, viz., the enforced idleness for nearly six months in the year of an overwhelming proportion of India's population, owing to the lack of a suitable supplementary occupation to agriculture, and the chronic starvation of the masses that results therefrom." The spinning of two thousand yards of yarn was made an alternative to the payment of four annas as the entrance fee to the Congress Party, and all Congressmen were urged to wear nothing but homemade cloth. The making of this *Khaddar* was to be the basis of the revitalization of village life. There are over half a million villages in India, and in them three quarters of the population live, huddled in mud huts and scraping from the land a bare subsistence and sometimes a tiny surplus to pay the interest on the debts which every man owes to the moneylender, and the land tax and the rents to the British-protected landlord. The Congress Party did not solve the "problem of problems" but it did make a beginning; by 1933 the All-India Spinners' Association, organized by Gandhi, had started 7000 villages on the production of cloth, thus supporting 200,000 spinners and 5000 weavers. More important than these figures is the fact that the villages were beginning to assume a corporate responsibility for their own welfare.

The second point in the constructive program of Congress also combined the moral betterment of the people with economic revival. All drug-taking and alcohol-drinking was forbidden. This amounted to a British boycott, for spirits were imported largely by British merchants and opium was a government monopoly.

The third point was the policy of an equal moral standard for men and women. Gandhi set his face against the whole Eastern system of *Purdah*, or the seclusion of women, against prostitution and against the Hindu custom of child-marriage.<sup>1</sup>

Fourth, Congress stood for unity between Hindus and Moslems. There are in India 239 million Hindus and 77 million Moslems, not isolated in different parts of the country but living side by side. Clashes between the two have been a chronic feature of Indian life. British rule has done a great deal to prevent bloodshed but little to

<sup>1</sup> *Vide* Katherine Mayo's *Mother India*, a book which Gandhi said every Indian and no white man should read.

promote understanding between the communities. A successful move for mutual understanding can obviously come only from Indians themselves. In advocating Hindu-Moslem unity Congress did not solve the problem, for Congress was predominantly Hindu, and Moslems persisted in fearing that the democratic constitution which Congress favored would lead to the oppression of the Moslem minority.

Finally, Gandhi persuaded Congress to adopt as its policy the removal of "untouchability." The social basis of Hinduism is the caste system. Every Hindu is born into a caste and there he remains until his death, not marrying outside it. There are over two thousand castes and subcastes. At the head are the Brahmans, who are priests, the Ksatiya, who are warriors and professional men, and the Vaishya, the traders and agriculturalists (Gandhi, by the way, is a member of this third caste). Below them are the Sudras, or non-noble castes. And below them again are the outcaste Hindus, 60 million in all. These are the "untouchables"; a caste-Hindu feels that he is polluted if he touches food that has been prepared or water that has been drawn by an outcaste, or even if the shadow of an outcaste falls on him. The "untouchables" are barred from the temples and from the drinking wells of the villages. Orthodox Hinduism holds that men who have sinned against God in some previous existence are reborn as outcastes and must expiate their sin in a life of misery. Gandhi, though he accepted the caste system as the basis of Hindu society, set his face against tradition on this point and taught that every human being is sacred and no single person must ever be treated as unclean.

With the last three points in the Congress program the British were of course in agreement. No one deplored the status of women in India or the Hindu-Moslem rivalry or the abuse of "untouchability" more than the British, and no one was more anxious to alleviate them. But the abuses were part of the religious system of the country and since the Mutiny Great Britain had been extremely chary of interfering with religious customs. Besides it was natural that Indians should refuse to follow a foreigner's lead in the reform of their own religion.

*The Simon Commission.* Meanwhile the new Constitution of India had been launched in a stormy sea. At first the only party capable of forming a strong opposition refused to co-operate in giving dyarchy a

trial—Congress took no part in the elections of 1920. But after the failure of civil disobedience an influential group of Congressmen headed by C. R. Das and Pandit Motilal Nehru formed a group called the Swarajists and won a large number of seats in the Legislatures in the 1923 elections. Their participation achieved nothing except the public ventilation of the weakness of dyarchy. British control of finance was the chief grievance. How, it was asked, could Indian Councillors be expected to do anything for agriculture in the provinces when the allocation of money for that purpose was only 2.6 per cent of the total budget? A storm broke in 1926–1927 when the Government decided to stabilize the currency which had been off the Gold Standard since the war. It was officially proposed to fix the rupee at 1s. 6d. instead of at its former value of 1s. 4d. One effect of this would be to help foreign importers by giving them a higher money-return for their goods and to handicap the Indian exporters by forcing up the price of their products. It would mean the “death warrants of millions of Indian agriculturists,” said the Congress spokesmen, melodramatically. And the Indian merchants of Bombay and the industrialists of Ahmedabad agreed. The Government succeeded in passing its Bill, but it had a glimpse of a formidable opposition, the vested interests of native industry in union with the popular Congress movement.

The British Government now saw that the time had come for further reforms in the Indian Constitution. The question was: *What* reforms? It was decided that a Commission should be sent to India immediately to report to Parliament on the working of the Reforms of 1919 and to suggest improvements.

The Commission was condemned to failure from the moment its membership was announced. It consisted of seven British M.P.s, under the Chairmanship of Sir John Simon. Not a single Indian was included. By all sections of Indian opinion this was taken as an insult. The British Government hastened to explain: of course they would have liked to include Indians in the Commission, but they wanted a unanimous and impartial Report. Indians were either Moslems or Hindus; a Commission which included members of one religion only could not be impartial; if it included members of both it could not be unanimous.

This did not convince Indian opinion: there was an Indian in the

House of Lords, an Indian had represented India at the Imperial Conference, Indians had sat on previous Commissions. The Simon Commission was considered an insult. Congress and the Liberal Federation combined in boycotting its members. Extreme and moderate wings of Indian Nationalism were in no mood to wait until the Englishmen had published their Report and until the Westminster Parliament (which devoted on an average no more than forty-eight hours a year to Indian matters) chose to draw up a revised Constitution. In October 1929 the Viceroy, Lord Irwin, did something to allay distrust by announcing: "I am authorized on behalf of His Majesty's Government to state clearly that in their judgement it is implicit in the Declaration of 1917 that the natural issue of India's constitutional progress, as there contemplated, is the attainment of Dominion Status." He added that after the publication of the Simon Commission's Report, a Round Table Conference would be called, where "the Government would meet representatives of British India and of the Indian States to discuss the form of the new Constitution to be submitted to Parliament."

Congress was not to be placated by the distant prospect of concessions. Gandhi and Pandit Motilal Nehru told the Viceroy that Congress could take no part in the Conference unless Dominion Status were granted immediately. This of course was outside the Viceroy's power. Congress met and passed a series of startling resolutions: they declared their aim to be complete self-government (*Purna Swaraj*), not mere Dominion Status; they ordered their members to take no further part in provincial or central legislatures; and they authorized their Working Committee to proclaim Civil Disobedience again whenever circumstances should warrant it. From now on it was to be "war" between the Nationalists and the Administration.

On March 1, 1930, Gandhi wrote to the Viceroy. "I hold British rule to be a curse," he said, adding that he intended "no harm to a single Englishman or any legitimate interest which he may have in India." The Nationalists demanded *inter alia* total Prohibition, reduction of the rupee ratio from 1s. 6d. to 1s. 4d., reduction of the income tax by half and the abolition of the salt tax. If these terms were not accepted within ten days, Gandhi would call on his followers to renew *Satyagraha*: "Having an unquestionable and immovable faith in the efficacy of nonviolence it would be sinful on my part to wait longer."

On April 6, Gandhi began the campaign of Civil Disobedience. He marched from Ahmedabad to Dandi and there scooped up a handful of salt, thus breaking the law which forbade Indians to "manufacture" salt. He did well to choose this particular law as a symbol of British oppression, for the tax, which yielded an annual revenue of five million pounds, weighed on the poorest members of the communities. The Civil Disobedience which followed was much more general and more serious in its results than the movement of ten years previously. Gandhi was known and revered all over India. Millions joined in the boycott of foreign goods, particularly of cloth, in picketing the spirit shops, in refusing to pay taxation. In the first two months of the movement over 4000 people went to jail; by the end of 1930, 54,000 had been convicted for Civil Disobedience. The Administration were in a quandary. When Congressmen forgot their orders and their principles and resorted to violence, the task of the police was simple: *lathi* charges, arrest and conviction were easy and obviously justified. But it was demoralizing work to arrest nonviolent nonco-operators, particularly when so many of them were women. The "War" was costly, too; the budget of the Indian Government showed a deficit of £10,875,000 for the year 1930-1931; Indian exports to Great Britain dropped by 29.6 per cent, and foreign imports into Bombay by 17.1 per cent. Civil Disobedience showed no sign of abating, though Gandhi and Pandit Motilal Nehru were in prison.

Meanwhile the Simon Commission's Report had been published. It was a well-written, well-intentioned document which was widely read in Great Britain and aroused British opinion to a more active interest in Indian affairs, but it played no part in Indian history for it was not made the basis for discussion by the Round Table Conference which met in London in November 1930. Congress was unrepresented at the Round Table and the various delegates for British India and the Indian States, chosen as they were by the British, could not be said to be representative of Indian opinion. They proved quite unequal to the formidable task of Constitution-making and when they adjourned in the following January nothing had been decided.

*Lord Irwin and Lord Willingdon.* An important step towards peace was now taken by the Viceroy. Since he had gone to India in 1926 Lord



Irwin (now Lord Halifax) had shown himself more capable than any Viceroy in the past of understanding the Indian problem of hammering out a Federal Constitution for a country twenty times as large and twenty times as heterogeneous as Great Britain. The more the great clefts in Indian society were discussed the wider they appeared: Moslems distrusted the Hindus, the caste Hindus distrusted the outcastes, and the Princes distrusted the politicians of British India. When the session ended at Christmas no agreement had been reached.

Gandhi returned to India to find that the truce had been broken by both sides. Lord Irwin had been succeeded by Lord Willingdon, who had no sympathy with Nationalism. In a farewell speech Lord Irwin had said: "In so far as the present movement involves any of the forces that we call Nationalism, I would repeat what I have said more than once, that an attempt to meet the case with rigid and unyielding opposition is merely to repeat the unintelligent mistake of King Canute." Lord Willingdon was both rigid and unyielding. He issued a series of Ordinances which gave the police in Bengal and elsewhere summary powers to deal with sedition. There is no denying there was every excuse for this breach of the truce. The Indian peasantry had begun to feel the pinch of the world economic crisis, and agrarian revolt had broken out in the United Provinces and the Punjab. In some parts terrorism began to appear side by side with nonviolent Civil Disobedience. Several British officials were murdered and an attempt was made on the life of the Governor of Bengal. Away on the Northwest frontier a new movement had arisen, the Moslem Pathans had found a leader in Abdul Ghaffar Khan who was organizing an army which he called the Servants of God—and which were generally known as the Red Shirts. He insisted that he was a Congressman and intended to keep to the rule of nonviolence. The British had never heard of a nonviolent Pathan and were convinced that this was merely a cloak for a militant Nationalist movement; they began to break up the movement by force. To Gandhi, who knew little of the peculiar conditions which make the Northwest frontier different from any other part of India, this seemed a flagrant violation of his agreement with Lord Irwin.

It is possible that an understanding might have been reached if Lord Willingdon had consented to Gandhi's request for an interview. The

new Viceroy preferred to put Gandhi in prison. British opinion endorsed his action. A cartoon appeared in *Punch* showing the Mahatma in his cell and Lord Willingdon playing with the prison keys and murmuring with satisfaction, "Now we shall hear the *real* voice of India."

The police were given power to arrest on suspicion, to commandeer buildings and transport, to intercept trains, letters, telephone messages and telegrams, to treat as a criminal offense any attempt at molestation or boycotting. The aim of the Government in setting up what amounted to police rule was to maintain law and order and to crush the Nationalist movement. In the first it succeeded, but at a terrible price: *lathi* charges by the police became the order of the day all over India (there were 2638 people injured in *lathi* charges in Gujerat alone during the first eight months of 1932) and in the Northwest Province rule by Ordinance involved the burning of houses, looting of crops, blockading of villages and beating of villagers by the police. In the second it failed completely. All Nationalist organizations were declared illegal (including not only Congress but Nationalist Moslems, the National Christian Party, the Anti-Untouchability Committees, Prohibition Committees and many other organizations); Congress meetings were broken up, its publications banned, its funds confiscated and all known Congress workers imprisoned. The result was that Nationalists acquired the dignity of martyrs and Nationalism flourished under persecution. The veteran Moderate leader, Sir Tej Bahadur Sapru, reflected public opinion fairly when he said "the amount of dissatisfaction with the Government, the amount of discontent, the amount of bitterness in India in nearly every home is greater than at any time within my experience."

*The Act of 1935.* While the British Administration in India was engaged in this wholesale repression of nationalism, the British Government in London was busy elaborating a new Constitution intended, it was said, to give India political freedom. The outcome of commission reports, Round Table Conferences, and Cabinet deliberations was the India Act of 1935. In England this Act was acclaimed as the fulfillment of the Montagu and Irwin promises by the application to India of four cardinal principles: (1) All-India federation, (2) Govern-

ment by Indians, (3) Government responsible to elected assemblies, (4) Decentralization. In India it met with a very mixed reception, as will be understood after a glance at each of the principles.

(1) The Federation scheme was not to come into effect until the majority of the 600 hereditary princes of the native States had given their consent to it. Since these rulers included gentlemen like the Maharajah of Bikaner who was in the habit of spending 22.6 per cent of the public revenue on personal and family expenses against 3.6 per cent on public utilities, and like the Maharajah of Alwar who in one year spent £66,000 on his motor cars and garages against £7500 on public education, consent might be expected to be slow in forthcoming. Not that the Princes stood to lose very much. In the proposed Federal Assembly they were to have two fifths of the seats in the Upper House and one third of the Lower House, though their territories comprised less than one fifth of the population of India.

(2) Self-government was subject to certain interesting restrictions. The British Viceroy had reserved to him all powers in central defense and foreign affairs, and certain special powers in finance. He was further empowered to take over the Central Government in time of emergency.

(3) Responsible government was also severely restricted. In the Provinces, the legislatures, to which the executives were to be responsible, were to be elected on a franchise based on property qualifications, and on communal electorates which weighted the representation against the Hindus. Only 20 millions out of India's 300 million were to have a vote. (This, however, was some improvement on the previous electorate of 7 millions.)

(4) Decentralization meant more power to the Provinces and less to the princely States—an excellent principle, vitiated only by the powers reserved to the Viceroy and by the necessity of waiting for the Prince's consent to federation.

It is not altogether surprising that Congress regarded the Constitution of 1935 as a British trick to win the co-operation of the Indian propertied classes in the exploitation of the Indian masses. Pandit Jawaharlal Nehru said of the Act: "We will resist it, we will break it, we will tear it, and we will burn it." This did not deter Congress

members from taking part in the elections of 1937 in which, in spite of the restricted franchise, they won absolute majorities in six out of the eleven provincial legislative assemblies. The attitude of Congress to the Constitution remained, however, one of distrust. Their own proposal was a Constituent Assembly elected on a wide franchise to frame a constitution for a totally independent India. Meanwhile they were ready to make shift with reforming programs in the provinces, where the 1935 Act had brought them into power. The leadership of the Indian revolution—and the national Congress movements can be called by no other name—had passed now from apostles of non-violence like Gandhi to Westernized revolutionaries like Nehru, as in Russia it passed from the Tolstoians and the reformists to the communist organizers.

*Economics.* Our period began with a promise of self-government for India; it ends with that promise a stage nearer fulfillment. But in all this talk of who-shall-rule-whom it must never be forgotten that the basic problem of India is economic. A people three times as numerous as that of the United States is still living in poverty, disease and quasi-famine. The average longevity of a man in India is less than twenty-five years; his average annual income is less than thirty dollars. Before any Constitution can be called a success, it must be instrumental in raising the standard of living.

For this three things are necessary. The first is education for the masses. At present 92 per cent of the population cannot even read. Russia and Turkey have conquered illiteracy in the postwar age; India, under British rule, has not. While the masses remain illiterate no progress in hygiene or in industrial skill, in collective bargaining or in industrial organization, can be expected. The second is health. About 70 per cent of deaths are caused by cholera, smallpox, plague, fevers, dysentery and diarrhœa. All these diseases are conquerable by modern science; as the Public Health Commissioner remarked in a recent report: "If the laws of health were regarded in India to the same extent as in England and the same proportion of money were spent on public health, the death-rate in India would be no larger than in England."

The third necessary step is economic planning. The first task of the

new Government of India should be to plan the economy of the sub-continent so that the hungry millions can be fed. This will mean the modernization of agriculture and the development of industry. The reforms of 1919 left agriculture as a "transferred subject" to the Indians in the Provincial Governments, but there was no money, no co-ordination between provinces; nothing was done. In industry there have been great developments in the last twenty years, thanks to war contracts, the postwar boom and the protective tariffs. The trouble is that this development has been in the interests of the British and Indian industrialists and not in the interest of the population as a whole. If Indian industry has expanded, it has been at the expense of the laborer. Anglo-Saxon readers have no need to be told how the labor of the Lascars, the 140 thousand maritime workers of India, has been exploited, but it is well for them to be reminded of the conditions in Indian factories: in Amritsar the majority of the workers in the carpet-factories are children under fourteen, working an eleven-hour day for a wage of  $2\frac{1}{2}d.$ , in the Indian tanning industry wages average under  $5d.$  a day, and in the slums of Bombay the industrial workers live six and more in a room, and 660 infants in a thousand die in their first year.<sup>1</sup>

There is every prospect that under a planned economy every class in India could be prosperous. All the conditions for great industrial achievement exist. There is abundant labor, vast sources of power in coal and rivers, and a huge population offering a market at the very door of the factories. There is plenty of raw material: India produces the world-supply of jute, more short-staple cotton than any other country and the cheapest pig-iron in the world; and she has an enormous surplus of tea and of rice and of oil-seeds for export. India may have ceased to need British help in politics and administration but she has a greater need than ever before for British help for her economic revival; Great Britain has already invested some thousand million pounds in India, India will need many millions more; Great Britain still needs much of the food and raw material which India needs to sell. A crisis will not be long in coming if economic planning is postponed: "Unless India can provide in the coming years a

<sup>1</sup> *Vide* Report of the Royal Commission on Labour in India (H.M. Stationery Office, 1931, Cmd. 3883).

wholly unprecedented industrial development," said Sir Alfred Watson in 1933, "the level of subsistence of the country, which is now appallingly low, will fall below the starvation point." And if that is to happen India will know something of the violent revolution and of the war, pestilence and famine which have darkened the history of her Chinese neighbor during these postwar years.

## II · THE CHINESE REVOLUTION

THE Chinese representatives at the Paris Peace Conference knew exactly what they wanted. President Wilson had put their wishes into words in his Fourteen Points: "The removal, as far as possible, of all economic barriers and the establishment of an equality of trade conditions . . . a free, open-minded and absolutely impartial adjustment of all colonial claims . . . in the interests of the populations concerned." China, in short, wanted freedom from foreign control — economic and political freedom.

It was a large order. For over half a century the industrialized nations had been "developing" China as an outlet for their manufactured goods and as a source of raw materials; the French had seized Annam in the south, the Germans Kiaochow in the north, Russia and Japan had fought a war over China's three Eastern Provinces (or Manchuria), a war which resulted in Japan's seizing Korea and establishing control of the economic resources of South Manchuria while Russia retained control over the Chinese Eastern Railway which runs through North Manchuria to Vladivostok. The best position of all was won by Great Britain. The population and trade of China is concentrated on three great rivers, the Si Kiang, the Yangtse Kiang and the Yellow River. By winning the island of Hong Kong from China, Britain had retained control of the trade of Canton and the southern river; by winning "Concessions," or the right to build fortified quarters in Chinese ports, she retained the lion's share of the huge trade of Shanghai and the Yangtse. The possession of Shantung — a province with a population of forty million — gave Germany control over the Yellow River, but Britain held one port in Shantung and helped Japan to check German and Russian influence in the north by making an Anglo-Japanese Alliance which lasted from 1902 to 1922.

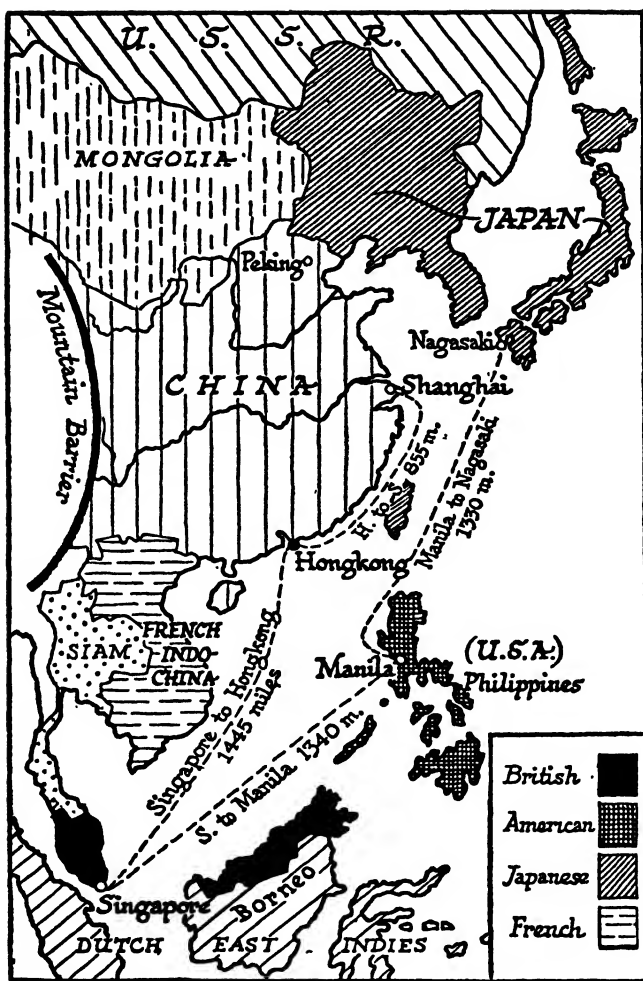
These foreign privileges in China were secured by treaties and were therefore legally justified. Whether they were morally justified

is another matter. The treaties had been forced on China at the point of the bayonet (the first was signed in 1842 after Great Britain had made war on China to force the Emperor to allow British merchants to sell opium to the Chinese). They had been followed by limitations of China's sovereignty which none of the signatories had contemplated at the time. "No fair-minded person," writes a correspondent of the *Manchester Guardian*,<sup>1</sup> "can deny that the policy of (the foreigners in) Shanghai has been a consistent policy of encroachments on Chinese rights. No signatory to the agreement that gave foreigners the right to live on the land that is now the Settlement imagined that they would eventually form there a practically independent plutocratic republic, containing within itself what is, to all intents and purposes, the vital organ of China's financial and commercial system. If we follow the history of China's foreign relations from 1842 to 1914 we perceive that it has been the history of the gradual loss of independence, the falling under foreign control of one after another properly Chinese activity. China's customs duties were limited by the foreigner to the advantage of the foreign manufacturer. The limited revenue thus obtained came to have as a first charge upon it the payment of interest on loans which to a large extent had been made necessary by foreign aggression. Communication by water came to be largely by foreign vessels. Railways were built and largely maintained under foreign control. The approval of the foreign diplomatic body in Peking came to be necessary for the expenditure of money, on which there was no foreign claim, for purposes of domestic interest to China. Foreign bankers increasingly profited by the turnover of Chinese money, and so obtained a position of overwhelming strength against any Chinese competitors." These encroachments were doubly resented because of the contemptuous attitude adopted by foreigners toward the Chinese, whose two-thousand-year-old civilization ("superior to ours" according to Bertrand Russell, "in all that makes for human happiness") they were unable to appreciate. They persisted in treating the Chinese as inferiors, not fit to be invited as guests to foreign clubs or to be allowed to walk in the parks and river embankments which the foreigners had constructed, partly with Chinese money.

The Chinese delegates at Paris demanded the revision of the Treaties

<sup>1</sup> Arthur Ransome in *The Chinese Puzzle*.





which had given the foreigner this stranglehold upon China, and the restoration of the Province of Shantung. It is not surprising that the Allies held that "they had no power to deal with these claims" at the Peace Conference. After all, China had not declared war against the Central Powers until August 1917 and had taken no real part in the hostilities. So Japan was given Shantung and a mandate of Germany's Pacific islands lying north of the Equator. The Chinese delegates went empty away. They refused to sign the Versailles Treaty and gained nothing but a seat on the League of Nations.

*The Three Principles of Dr. Sun Yat-Sen.* China was powerless to avenge the insult, as powerless as she had been to avenge earlier attempts at partition and exploitation. She had in fact no Government. From 1644 to 1911 the Manchu dynasty had ruled China. Then, because the Manchus had refused reform and had proved incapable or unwilling to resist foreign incursions, Young China had deposed the Emperor and declared a Republic. The leader of this revolution, Dr. Sun Yat-Sen, wanted to make China an independent nation; he had set himself a superhuman task, greater even than that which the Bolsheviks had undertaken in Russia. China is a country as large as all Europe and more populous: it could not be unified in a day or in a decade. After the revolution of 1911 the power fell to an official of the Manchus, and when he died in 1916 the military governors whom he had set over the provinces became independent war lords. At Peking, the northern capital, there was a nominal Government, but it was ridiculous in its subservience to the war lords who levied toll on its Treasury at will; and at Canton in the south was another Government, that of Dr. Sun's Nationalist Party, the Kuomintang. The Chinese delegation to Paris was composed of representatives of both Northern and Southern Governments. This was the only enterprise in which the two succeeded in co-operating.

The Japanese triumph at Paris led to a swing of Chinese opinion round to the Kuomintang. During the war Japan had forced the impotent ministers at Peking to accept a treaty known as the Twenty-One Demands which aimed at making China an economic province of Japan. The Kuomintang was the only organization which could resist Japan's claims. In a famous speech of March 1921 Dr. Sun explained the *Three Principles* which were the program of his party. The first principle was Nationalism: an end was to be made of foreign concessions, treaty ports, spheres of influence and the like, and China was to be ruled by the Chinese—in conjunction with the four racial minorities of Manchus, Mongolians, Tartars and Tibetans. The second was Democracy, a Principle which involved the right of the people to elect members to a Legislative Assembly, to recall their member when he ceased to represent their wishes, to vote directly on certain matters of principle through the instrument of the referendum, and to take on occasion the initiative in legislation by public pe-

titions to the Assembly. Executive power in the democratic republic would be exercised by ministers responsible to the Assembly. For the third principle of Dr. Sun there is no English word; perhaps Social Justice or the Livelihood of the People convey its implications most clearly. Dr. Sun meant by it that the wealth of the country was to be redistributed so as to ensure a decent living for every Chinese family.

It is difficult to imagine the immensity of the obstacles that were in the path of this program. The spirit of Nationalism, the first principle, simply did not exist; there was no provincial patriotism, still less any national patriotism in the Western sense. All China's loyalty was to the family. The Chinese family means very much more than the corresponding Western institution. To quote Madame Sofia H. Chen Zen:

In the first place, a Chinese family is much more like a state in miniature than a home in the Western sense, and the supreme ruler of this state is either the patriarch or the matriarch with a bureaucracy of sons and daughters, as well as some daughters-in-law, and with subjects of minor daughters-in-law, grand-children and dependent relatives to the *n*th degree. It is a government with all the paraphernalia of all other state governments, such as intrigue, diplomacy, treason and so forth. And no woman who is not a born or a trained politician may hope to find a decent place in such a government, no matter how well educated and honourable she may be. For the Chinese home is a machine, a system, in which the individual members are only like the nails and screws of a big engine; they exist not for their own sake, but for the sake of the bigger whole.

In the second place, a Chinese family is an institution wherein the religious sentiment of the people is most adequately expressed. For the family is the living shrine of the dead, whose memory is perpetuated through the ritual of ancestor worship which is the supreme spiritual function of the family. . . .

In the third place, what constitutes the spirit of a Chinese family is not the love between a man and his wife, but the moral obligation of all the members towards one another. Sexual love does have a place in the Chinese family, but certainly by no means a prominent one; it is subordinated to the moral duties between the son and parents, between sisters and brothers and so on, so that when a conflict arises between a man's duty as a son or a brother and his love for his wife, it is always the latter that must be sacrificed.

Even if the institution of the family could be modified to make room for a larger loyalty to the nation the ideal of Nationalism would still be unrealizable unless the imperialist powers would consent to a revision of their whole position in China.

Also, in the way of the Principle of Democracy, lay the whole structure of Chinese society. Democracy involves literacy: ninety-nine Chinese out of a hundred could not read and most of these could never learn to read, for there are four thousand characters in the Chinese script and the task of memorizing them is beyond the powers of the majority. Besides, the principle of Democracy implies the equality of the sexes: "Legally, politically, economically, educationally and socially, women are to be the equals of men." Yet in China female infants were still being strangled at birth. Girls' feet were bound, to make them ladies. They were betrothed in infancy and married to husbands they had never seen. Poor parents often sold their daughters as domestic servants or concubines. In every case the girl became the property of her employer, paramour or husband, who might sell her again or divorce her at will.

The third Principle, that of Social Justice or the Livelihood of the People, could not be attained without a wholesale economic revolution. Eighty per cent of the people of China were farmers; working a total area that is smaller than the improved farmlands of the United States, they performed the miracle of feeding the 400,000,000 people of China.

There was not always a miracle. In good years, by unremitting labor with hoe, bamboo rake and waterwheel, the Chinese farmer could scrape a bare living for his family and perhaps a tiny surplus to sell at the market; but in bad years, in seasons of drought or heavy rain, he starved. It was not unusual for millions of peasants, for a third of the population of a province, to be wiped out in a single year. The survivors blamed the weather. Sun Yat-Sen blamed the system under which the peasants worked. The farmland was divided into tiny patches separated by paths, each farmer holding from five to forty strips, scattered in various parts of the field and often more than a mile apart. The system of irrigation, a complicated network of canals and embankments, had been begun over three thousand years ago. Once there was a local court to enforce the responsibility of each

peasant for his share of the upkeep of the waterworks. In the twentieth century there was none. Every man worked for his family, with no sense of communal responsibility, no co-operation for marketing or hiring capital. In consequence every man was in debt to the money-lender and every other man (half the peasants owned their own farms) in debt to the landlord. Such were a few of the difficulties in the way of Dr. Sun's Third Principle. The Kuomintang intended to secure the Livelihood of the People by modernizing the methods of Chinese agriculture. The peasant was to be protected by legislation reducing rent and interest rates, agricultural banks were to be set up to lend him capital, and he was to be taught the advantages of co-operation and persuaded to exchange his scattered strips for a consolidated holding; instead of scanty manure and wooden rake he was to be given scientific fertilizers and modern machinery.

Industry in China was still in the handicraft stage. Manufacture by modern machinery under the factory system was unknown except in the coastal regions, and there it was run by, and for, foreigners. The policy of Sun Yat-Sen was to build up modern industries under Chinese control by attracting foreign loans, raised not by private capitalists but by the Government which, if only it were based on popular support, need give no concessions or securities for their repayment. "Chinese aspirations can only be realized," said Dr. Sun, expounding his Third Principle, "when we understand that, to regenerate the state, we must welcome the influx of foreign capital on the largest possible scale, and must also attract foreign scientists and trained experts. Then, in the course of a few years, we shall develop our own large-scale industry and shall accumulate technical and scientific knowledge."

*Russian Help for the Kuomintang.* The Three Principles were so obviously based on Western models that Sun Yat-Sen naturally expected that the Western Powers would help him to carry them out. In 1921 he appealed to America for help, but America refused. He appealed to Great Britain and Japan, but Great Britain preferred to back the war lord Wu Pei-Fu who held the Yangtse Valley and Japan put her money on Chang Tso-Lin, the war lord of Manchuria. So the only hope for the Kuomintang was to turn to Soviet Russia.

In the years of his exile in Europe Dr. Sun had met many of the men who were now ruling Russia, and he knew that the Chinese and Russian revolutions had much in common; both were fighting against the exploitations of modern imperialist-capitalism and the injustice and inefficiency of their age-old social structure. Sun Yat-Sen agreed with Lenin that a revolution must take three stages. First a military period when the old order will be overthrown and the revolutionists established in power by violence; during this period martial law must prevail and the people must be the instruments rather than the associates of the revolutionary leaders. Second, a period of political tutelage devoted to the training of the people in the rights and duties of citizenship, to the training of the leaders in the science of administration and the art of statesmanship; during this period the Government must continue to be in the hands of the revolutionary party. Third, a period of democracy, when the party would resign its privileges and the people would exercise the rights necessary for the maintenance of their sovereignty. Lenin differed from Sun over the nature of this third phase of revolution but was prepared to waive that for the time. The immediate point was that the Kuomintang failed to accomplish the first phase of revolution because they lacked military organization and the Bolsheviks were succeeding because they had it; the Kuomintang had lost control after 1911 because the armed forces were in the hands of their opponents, and now in 1921 they were still powerless. So Dr. Sun welcomed Lenin's secretary, Mahlin, at Canton and they discussed the possibility of Communist support for the Kuomintang. The discussions bore fruit two years later when Adolf Joffe, the most able of Soviet diplomats, issued a joint declaration with Dr. Sun: "Dr. Sun Yat-Sen holds that the Communistic order or even the Soviet System cannot actually be introduced into China, because there do not exist here the conditions for the successful establishment of either Communism or Sovietism. The view is entirely shared by Mr. Joffe, who is further of the opinion that China's paramount and most pressing problem is to achieve unification and attain full national independence, and regarding this great task he has assured Dr. Sun Yat-Sen that China has the warmest sympathy of the Russian people and can count on the support of Russia." At this time the Soviets had not a friend in the world and

were glad of an ally in the East, even if he was so chary of Communism as Dr. Sun Yat-Sen.

In 1924 the reorganization of the Kuomintang as a militant party began. The moving spirit in this was Michael Borodin, a Soviet agent who had represented Russia at Kemal's court during the Græco-Turkish War and who had even tried to propagate Communism in Scotland (an attempt which had ended in his deportation). Borodin became a close friend of Sun. He convinced the doctor that his party had failed first because it had no support outside the university and merchant class and secondly because it lacked discipline. To remedy the first defect the ranks of the party were opened to peasants and town workers. To remedy the second it was laid down that though every subject was open to discussion until a decision on it was made by the party executive, once that decision was made it must be accepted without further question by every member of the party. The Kuomintang was reorganized on the model of the Russian Communist Party. Local branches or cells elected members to a Provincial Assembly, who elected members to a Party Assembly from which was chosen the Central Executive of the Kuomintang.

The National Party had now an efficient organization. The next step was to give it an army. Borodin set up a Military College at Whampoa for the training of Chinese officers. The instructors, forty in all, were Russian officers, chief of whom was a certain General Galen (alias Blücher), and the Principal was a young Chinese, by name Chiang Kai-Shek, of whom we are to hear more. With Russian advice and ammunition the officers turned out by the Whampoa College trained a Kuomintang Army which was able to establish order throughout the province of Kwantung, the capital of which is Canton.

By no means all the members of the Kuomintang were pleased with what the Russians were doing for the party. Borodin was obviously in favor of making it a people's party based on the support of the peasants and of the Cantonese workers whom he had organized into trade unions; many influential members of the party were on the other hand merchants and middlemen who were more interested in putting trade with the foreigner on a fair basis than in a proletarian revolution. The cleft in the party was apparent at the beginning of 1925, but it was

healed for a time by a tragedy which affected every member of the Kuomintang alike.

In March Sun Yat-Sen died of cancer. Ever since his early years as a medical student in Hong Kong he had worked for the liberation of China. As early as 1895 he was in exile, building up a Chinese Revolutionary League in Japan, in Honolulu, in Europe. There was a price on his head and often he narrowly escaped death (on one occasion he was kidnaped in Piccadilly and imprisoned in the Chinese Imperial Legation). Since 1911 he had been undisputed leader of the Chinese Revolution. His death was followed by a mourning as deep as that which had followed Lenin's death in Russia a year earlier. The mausoleum where his remains lie at Nanking has become, like Lenin's tomb in Moscow, a place of national pilgrimage, and his works, like Lenin's, have become a text for the party which he founded. It became the custom to bow to Dr. Sun's portrait, which hangs in every school and every public building, and every official ceremony opens with the reading of his Will:

For forty years I have devoted my energies to the cause of the Nationalist Revolution. The object of the latter is to seek a position of independent equality for China. The experience of forty years has caused me to realize that, if it is desired to achieve the object, the people is to be aroused, and we must strive in unison with all those nations of the world who deal with us on a basis of equality. The revolution has not yet achieved its object. All those who are of the same purpose as myself must therefore act in accordance with the precepts of my three books: *A Method of Establishing a Nation*, *A General Plan for the Reconstruction of the National Government*, and *The Three People's Principles*, and also the announcement made on the occasion of the First National Representatives' Conference, and must continue to use every effort to attain the first two ideals of holding a people's conference and of abolishing all unequal treaties. It is essential that this should be brought about in the shortest possible time. My last Will and Testament.

*The War Lords.* Dr. Sun died while attempting to win certain war lords to the Nationalist program. The Northern provinces were under the autocratic control of a dozen or so military governors, three of whom were waging an unending civil war for the control of the moribund Peking Government. Three more extraordinary char-



acters can hardly be imagined. The most powerful in the years 1918-1922 was Chang Tso-Lin, the ruler of Manchuria. He was a mild-faced little man who spent his life in warfare. Without any education but that acquired in what he called the "School of Forestry," he first came into prominence as the leader of a troop of bandits, known as the Red Beards. During the Russo-Japanese War of 1904 he and his men helped the Japanese, and though he later became a servant of the Chinese Government he was always in receipt of assistance from Japan, who had her own reasons for wishing to be on the right side of the strong man of Manchuria. At Mukden, his capital, which incidentally was in the territory leased to the Japanese-owned South Manchurian Railway Company, he had an arsenal capable of supplying him with all the munitions he could pay for. Money was usually raised by raids on the Manchurian peasants and by expeditions over the Great Wall. In 1920 Chang achieved his ambition and made himself master of Peking.

Chang's greatest rival in these years was Wu Pei-Fu, a distinguished scholar who had graduated under the old régime when official positions were awarded on the results of gruelling examinations in the Confucian classics. The strength of Wu's military position lay in his control of the railway between Peking and Hankow on the Yangtse. The source of his armaments was the iron works of Hanyang, and the source of his supplies was the same as his rival's—his army lived by holding the civilian population to ransom. The sufferings of the people of China under these war lords are impossible to describe and difficult to imagine.<sup>1</sup> In normal times the soldiers left the peasants enough to sustain life, but in famine years like 1920 it was not the soldiers who died of starvation.

In 1922 a great battle was fought between Chang and Wu for the possession of Peking. Chang lost and retired to his Manchurian strongholds. The victory was due largely to the intervention of one of Wu's generals, Feng Hu-Siang by name. Feng was in many ways the most remarkable of China's war lords, a burly giant of a man who turned Christian, married a secretary of the Y.W.C.A., and took Oliver Cromwell for his avowed model. He distributed Bibles to his soldiers, held daily prayer-meetings and sent his men into battle singing "Onward Christian Soldiers." Throughout his army the strictest moral discipline

<sup>1</sup> *Vide Hallet Abend's Tortured China.*

was enforced — on one occasion he administered a public thrashing with his own hands to a colonel who had visited a brothel. He set an example to his men by wearing coarse clothes and eating frugally. He forbade looting. So long as he could pay his men regularly he could enforce this prohibition, but having no regular supply of funds he had to rely on the Robin Hood method of seizing convoys of silver on their way to Peking and sharing the proceeds among his men, paying privates first and officers last. To keep his men out of mischief in their leisure hours he set them to build roads. It was this pastime that enabled them to come to Wu's help in the nick of time in 1920.

Wu put the "Christian General" in charge of Peking, and Feng remained loyal to his chief until 1924, when Chang Tso-Lin returned to the offensive. The odds were in favor of Wu but at the critical moment of the campaign Feng calmly deserted him and returned to the capital. Wu fled. There was nothing left to him but the consolations of poetry. He wrote: —

The cold wind from the West stirs my old battle cloak,  
To look upon the bloodstain on the cloak brings sorrow to my heart.  
My only possessions now are my loyal heart and brave soul.  
These will be with me for ever, despite the ice and snow of the present  
situation.

Supreme in Peking, the Christian General now began to show signs of being more than a purely selfish war lord. His rule in Peking was based on principles not far removed from those of the Kuomintang, and he entered into close relations with Russia. It was well for him that he did, for in 1926 the old rivals Chang and Wu made a surprising coalition against him and the Christian General fled to Moscow, leaving his army to fight their way painfully back to their headquarters in Northwest China.

*The Nationalists March North.* The Nationalist leaders at Canton now adopted a bold plan: while Wu was busy with his war against Feng they would march north and seize Hankow. Once there they could sweep down the Yangtse to Shanghai, the greatest city in China, and then with the Yangtse as their base they could drive northwards to Peking and all China would be under the Nationalist flag. They

were full of confidence: the Whampoa Academy had trained thousands of officers: they had seven armies now, each of 14,500 men. Russia had sent arms and was not insisting on payment. Besides, events since Sun's death had gone well for the Kuomintang. In Shanghai the dismissal of some workmen from a foreign factory in May 1925 had led to a demonstration against the "imperialist exploiters." The police of the Shanghai International Settlement had fired on the demonstrators, who were mostly unarmed students. To avenge this a general strike was called, and a boycott of British goods. A wave of anger against Great Britain spread over China. Canton had taken advantage of it to stage a demonstration against the British in Hong Kong. Shots were exchanged between Chinese and the British forces defending the Shameen Concession. The Kuomintang announced that 52 Chinese had been killed and 117 wounded; they declared a boycott of Hong Kong, and 30,000 Chinese—workers and their families—left their British employers and removed to Canton.

On the crest of the wave of anti-imperialist feeling the Nationalists began their march north in June 1926. Their armies, led by Chiang Kai-Shek, drove Wu's troops over the Yangtse and captured Hankow, a city in an excellent position in the very heart of China, at the junction of the river Han with the Yangtse and at the head of the Eastern Railway to Peking. The officials of the Kuomintang moved their headquarters from Canton and declared Hankow to be the new capital of China. While Chiang and the armies swept down the Yangtse to take Nanking and the native quarters of Shanghai, the officials set to work in a frenzy of excitement to make Hankow a real center of Nationalism. The workers were organized in trade unions and a series of strikes forced wages up by 50 per cent in the course of eight weeks. The managers of the Japanese factories bowed to the storm and raised their wages, but the British cigarette company—the largest concern in the city—preferred to pay off its employees and close down. The foreign population of the Yangtse towns was in the greatest consternation. Crowds of Chinese were parading the streets with red banners and anti-imperialist slogans. At any moment their excitement might flame out in a massacre of Europeans. True, British gunboats were in the river and could have blown to pieces any Chinese army on the banks, but that might be too late to save white lives. English newspapers in

Shanghai called on the British Government to declare war on the revolutionaries. Luckily the British Government kept its head. Realizing that the people of China were behind the Kuomintang now, the Foreign Office sent a representative to Hankow to come to an agreement with the Nationalist Foreign Minister. The latter, Eugene Chen, had been born in Trinidad a British subject. He spoke English much better than he spoke Chinese and he understood that Britain was ready to meet the Nationalist demands halfway. By the agreement between Chen and O'Malley, Great Britain gave up her Concessions in Hankow and Kiu-Kiang. Further agreements would follow, if the Kuomintang leaders could keep control of their supporters. In case the movement got out of hand Britain sent a defense force of three brigades to Shanghai.

So far all was well. The Nationalists held the Yangtse, the great artery of China. The foreign Powers seemed ready to come to terms. In the north, Feng, the Christian General, was back from Moscow and had joined the Kuomintang, promising to combine with the party's armies in an attack on the Peking war lords. On the surface, the Nationalists seemed on the verge of victory. Actually they were in a hopeless condition. The Kuomintang had split.

Before Sun's death, as we have seen, there were signs of a cleft in the party. On one side were the merchants, middle-men, managers, the middle-class faction whose object was to give China a Constitution under which trade might be carried on profitably. On the other side, which may be called the Left Wing, were the men who believed in a revolution in the interests of all classes in China and held that the redistribution of the wealth of China was more important than profitable trade with foreign Powers. The Hankow Government was in the hands of this Left Wing, the leaders being Borodin, Eugene Chen and the young widow of Dr. Sun Yat-Sen. Chiang Kai-Shek had always had sympathies with the Right. Finding himself in control of a large army, he took the opportunity to set up a Government at Nanking in April 1927 and refused to recognize the Hankow faction as the real executive of the Kuomintang.

Chiang's *coup d'état* might well have failed if the Left, or Hankow, Government, had been united. Chiang knew that it was not. Since 1921 there had been a Chinese Communist Party affiliated to the Third International at Moscow. The Communists were members of the

Kuomintang and had accepted the terms of the Sun-Joffe agreement, recognizing that the immediate business was not to engineer a Communist revolution in China but a Nationalist Movement to overthrow the forces of feudalism, militarism and imperialism. Borodin knew that the Chinese movement was a "bourgeois" revolution: "The only Communism possible in China," he said, "is the Communism of poverty, a lot of people eating rice with chop-sticks out of an almost empty bowl." But in 1927 Stalin sent an Indian called Roy to Hankow without communicating with Borodin. Roy's orders were to lead the Chinese Communist Party, to obtain mastery over the Kuomintang, and to set on foot immediately a proletarian revolution in China. It was useless for Borodin, Eugene Chen and Madame Sun to repudiate Roy; the Chinese Communists accepted the orders of the Third International. The quarrel between the Communists and the Left Wing put the Kuomintang at the mercy of Chiang. Communist outrages turned public opinion to Chiang's side. He sent his soldiers against Hankow. Borodin, Galen and the other Russians escaped, and later Eugene Chen and Madame Sun followed them, traveling by motor across Mongolia to Moscow. The rest of the Kuomintang leaders came over to Chiang's camp at Nanking. The Left Wing of the party was thus broken and the whole organization of the party was in Chiang's hands. In July 1927 he proceeded to break the Communists. A "White Terror" of the utmost brutality followed. The last Communist stronghold left was Canton, where a Commune was declared on December 14, only to be wiped out by Chiang's troops after three days' fighting.

*The Nanking Government.* By the end of 1927 Chiang Kai-Shek had triumphed. He claimed to be the successor of Sun Yat-Sen and the champion of the Three Principles, and to make his claim credible married Sun's sister-in-law (though this meant putting away his third wife and adopting "Christianity") and took her brother, T. V. Sung, as his Finance Minister and her brother-in-law, H. H. Kung, as director of his Central Bank. In June 1927 Chiang captured Peking, changed its name from "Northern Capital" to *Peiping*, "Northern Peace," and declared Nanking the new capital and himself the new President of China. Outwardly all China seemed united under a Republican Government, which called itself Kuomintang and paid lip-service to the Three

Principles, but in reality there was no unity and no principle. In Manchuria Chang Tso-Lin and his son Chang Hsueh-Liang were independent in everything except name, in the northwest Feng was still at large, having been persuaded to hold his peace by a gift of three million dollars, and Southern and Central China were seething with marauding bands and with Communists.

Chiang's strength lay in the support of the mercantile and land-owning classes. In their interest he dissolved many of the trade unions and stopped the seizure of land by the peasants; "At present," he declared, "we do not fear the oppression of the peasants and workers by the landlords and capitalists, but rather the reverse." It was a policy which naturally won the approval of the foreign powers, who now hastened to recognize the Nanking Government and entered into treaty relations with Chiang. By the new treaties Belgium, Britain, the United States and other Powers recognized that their Concessions should gradually be given up and their jurisdiction in China be ended; in return the Nanking Government gave foreigners the hitherto unheard-of privilege of buying Chinese land.

An important consequence of Chiang's understanding with the moneyed class in China was the establishment of Chinese-owned industries, especially of textile works in Shanghai. The foreign Powers accordingly changed their economic policy; instead of exporting cloth and other finished goods to China they began to export capital goods for the development of Chinese industries. Between 1928 and 1930 the exports of British machinery to China trebled. Chiang made every effort to attract foreign loans. In the attempt to secure the good will of Japan and the United States he encouraged Chang Hsueh-Liang to seize the Chinese Eastern Railway from Russian control — an attempt which ended in ignominious failure. In his overtures to the British he was more successful, the British Government sent its chief financial advisor, Sir Frederick Leith-Ross, to Nanking in 1935-1936 to assist Chiang's Government in a reform of the Chinese currency which would bring China into the sterling bloc and thus facilitate economic relations between the two countries.

The moneyed classes and the imperial Powers had every reason to be pleased with Chiang Kai-Shek, but other classes in China had less use for the Nanking clique. To workers and peasants Chiang was just

another war lord, though stronger and more ruthless than any they had suffered from in the past. The Kuomintang was his instrument, and he used it as an instrument of torture. Taxes were highest and wages lowest in the provinces under his control. It mattered little to the laboring classes that Nanking was popular with foreign Powers, that the League was sending experts from Geneva, that the capital was being rebuilt by American architects, that Chiang was advised by an Australian, W. H. Donald, and that his army was being remodeled by a German General, von Falkenhausen. These were not the reforms for which they had joined the Kuomintang in 1925 and 1926. By Nationalism they understood a China without foreign influence, by Democracy a China without militarism, by Social Justice a China where the peasant owned enough land to support his children without fear of flood or famine, where the factory-operative got good pay and the ricksha coolie need not run himself to death in a few brief years.

*Soviet China.* This popular interpretation of Dr. Sun's Three Principles was turned into an organized opposition to Chiang's Government by the Chinese Communist Party. The Party had been outlawed by Chiang Kai-Shek in 1927, but persecution had never destroyed it. Communist cells which had been formed during the Northern Expedition continued in existence wherever their district was out of the range of repression. Young Chinese went every year to Moscow and returned to organize Soviets in China. The Soviet or Committee system of Government is much more suitable than parliamentary democracy to an illiterate people, and young Chinese from Moscow proved more acceptable than the officials of the degenerate Kuomintang. Communism offered an alleviation, if not a solution, of the peasants' chronic problem of famine and flood.

It is not surprising that large areas of Hunan and Kiangsi in Central China came under Communist control. But it is surprising that the Communists were able to beat off expedition after expedition sent against them by Chiang Kai-Shek. And it is surprising to the verge of the miraculous that in 1934, when Chiang's troops could be resisted no further, a whole population hundreds of thousands strong were able to make a great exodus from Kiangsi, trekking to the interior with their goods and chattels, veering north across the great rivers

and finally establishing themselves as a Communist Republic in Kansu and Shensi, in the far northwest, after a march of 6000 miles.

In 1936 the Communists were joined by two powerful, if doubtful, allies. Marshal Feng, now professing Communism as glibly as he had professed Christianity, hoped thus to save himself from the centralizing policy of Nanking. Marshal Chang Hsueh-Liang, driven out of Manchuria by the Japanese, hoped to find allies who would restore to him his lost provinces. The latter was the instrument of a *coup d'état* which changed the whole aspect of Chinese history. In December 1936 Chiang Kai-Shek journeyed to the northwest to make arrangements for yet another expedition against the Communists. At the capital of Shensi he was kidnaped by Chang, who refused to release him until he had signed a document promising to make peace with the Communists, to incorporate them in the Kuomintang, and to join all the forces in China in combined resistance to Japanese aggression.

Chiang Kai-Shek signed. Whether he realized that his signature would involve China in a prolonged national war uniting her people as they had never been united before, we shall never know. In any case, that was the result of the Communist-Nanking pact and of the policy of Imperial Japan, to which we must now turn.

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### III · THE PROBLEMS OF JAPAN

SEVENTY years ago Japan was a medieval empire, cut off from the mainland by laws which forbade foreigners to set foot on her islands and prevented Japanese from building ships in which to penetrate to the outside world. The social system was feudal: the nobles (Samurai) owned the land and the wealth. The Samurai had all the qualities and all the defects of a noble caste. They followed a strict moral code (Bushido) which, like the Christian code of chivalry, set honor above all things: in the cause of honor a Samurai felt justified in killing his opponent; rather than live dishonored he would kill himself. But like the knights of medieval Christendom the noble clans and their armies of retainers fought interminably among themselves. The Mikado was Emperor in nothing but name; power lay in the hands of whichever clan could prove itself the strongest in battle. There was no peace and no prosperity in Japan, and the Empire of the Rising Sun sank further and further into poverty.

At last a young generation of Samurai realized the plight of their country. In 1867 Japan burst the eggshell of her seclusion, opened her ports to foreign traders and her mind to modern economic and political ideas. In a few crowded years the feudal system was swept away, the nobles gave up their privileges and peasants became proprietors of the land. The Japanese reformers borrowed from the West a democratic Constitution, with elected Parliament and Cabinet responsible to it. But though the form was Western, the spirit was essentially Japanese. The Emperor's consent was needed before a parliamentary bill could become law; and the Emperor was advised by a group known as "the Elder Statesmen." The Emperor was to command the Army and Navy, not through ministers responsible to the Cabinet, but through Chiefs of Staff who were responsible to him alone. The armed forces were therefore independent of Parliament. The Samurai emerged in the New Japan as commanders of the armed forces.

The Emperor was more than the figurehead of the New Japan; he

was almost literally its god. The national religion from time immemorial has been Shinto, a deification of the natural objects of Japan. The word "Japan" comes from a Chinese phrase meaning the Rising Sun, and Japanese consider themselves under the special protection of the Sun-god. The makers of the new Japan took this belief as the cornerstone of their political system: the present Emperor, whose family has ruled Japan for two thousand years, is directly descended from the Sun-god; he must therefore be honored as a god, and as a god he must be obeyed. Under the new régime Bushido became the duty of dying for the honor of the Emperor and Shinto the duty of obeying the Emperor's commands. A new system of compulsory education was introduced to inculcate before all worldly knowledge the duty of unconditional obedience to the Son of Heaven, the Mikado, whose service is perfect freedom. Japan emerged as a modern nation, but Japanese patriotism is different in essence from the patriotism of Western nations; patriotism is the religion of the Japanese.

In the decades which followed 1867 Japan underwent an economic transformation unparalleled in its rapidity. The Elder Statesmen who controlled the new régime beat the Western Powers at their own game of capitalist development. By providing State capital for her industrial and commercial concerns, by organizing the cultivation of the silk-worm to help the farmer to supplement the revenue from rice, they built up a rationalized and centralized State in Japan. By the end of the 19th century, Japan had begun to play a part in the economic life of the Far East. While in her eggshell Japan had been self-supporting; now that she had emerged and was growing in population she looked to the mainland for sustenance. The Western Powers had already begun to divide China into spheres of influence for themselves. The new Japan felt the danger of this, especially of Russia's ambitions in Korea, for the Korean peninsula is pointed like a weapon at the very heart of the Japanese Empire. Now Korea was under the nominal suzerainty of China, and the Chinese Government was obviously unable to protect the peninsula from Russia or from anyone else; so Japan made war on China in 1894 and set up an independent kingdom in Korea. (Later, in 1905, she annexed Korea, in spite of assurances that she would do nothing of the sort, and in 1910 made it part of the Japanese Empire.)

As a further result of that war Japan annexed the Liaotung Peninsula, which forms the southern tip of Manchuria. Russia protested against this and Japan meekly handed the peninsula back to China, whereupon Russia coolly seized it for herself and built a branch of the Chinese Eastern Railway through Southern Manchuria to Liaotung, where two ports were constructed, Port Arthur and Dairen. Russia had at last achieved her ambition of a warm water port in the Pacific. Vladivostok was useful, but it was frozen in the winter.

This was more than Japan could stand. Supported by an alliance with Great Britain she declared war on Russia in 1904 and, to the surprise of the world, defeated her by a brilliant naval victory, won back Liaotung and took over the South Manchurian Railway, for which the Chinese Government granted her a lease for thirty-five years.

The Russian war of 1904 made Japan an Eastern Power; the World War of 1914 made her a World Power. True to her English alliance she joined the Allies, even though it meant fighting on the same side as Russia. There was very little fighting, however, for the Japanese. Their business was to supply the Allies with munitions and materials of war, to police the Pacific and to carry the trade of Asia in their ships. A more profitable business could hardly be imagined. Japan emerged from the war with a doubled industrial output and with a favorable trade balance of two billion dollars. At the Peace Conference she was given not only Shantung and the islands which had formed Germany's naval bases in the Pacific, but a permanent seat on the Council of the League of Nations, which was equivalent to the recognition that Japan was one of the half-dozen great Powers of the world.

*Feeding the Sixty Million.* Japan had made a fortune. But the foundation of a prosperous national economy cannot be laid on war. When the war orders ceased to come in and the bubble of the boom burst, Japanese statesmen found themselves faced by a terrible problem. Japan was no longer self-supporting. Her population had increased at an astonishing pace: in 1846 it was 26 million, in 1920 the census figures showed almost 56 million. There could be no question now of going back to her old secluded position as an agricultural empire. Already every inch of land that could bear a crop was under cultivation, al-

ready the population was twelve times that of California, though the total area of Japan was slightly less than the area of that State. Agriculture could not support the new millions and every year the population was increasing by over eight hundred thousand.

The problem could not be solved by emigration: there was no room in the outlying islands of the Empire, and Korea was already overpopulated. In Pacific lands held by foreign Powers there was, it is true, plenty of room, but the United States and Australia and New Zealand had no use for Japanese laborers. Only Brazil offered them any encouragement, and there the prospects were not enticing. The Japanese are naturally disinclined to emigrate, a disinclination which it is hard for Anglo-Saxons to understand; their life is bound up with their country, the flowers and trees and waters of their own land are their gods, their national festival is flower-seeing, their altars are the shrines of Japan; for the Japanese, living abroad is a sort of death.

The only solution for Japan was to become the factory of the East; only by industrialism could she support her ever-growing population. But here again Japan was terribly handicapped. Her natural resources of oil, coal and iron were inconsiderable: for the sinews of industry she was dependent upon imports from foreign Powers. For raw materials too she depended on foreign Powers, on America and India for cotton, on Australia for wool, on the Dutch Empire and on America for oil; silk was the only important raw material which she could hope to produce at home. For markets for her goods she was dependent on the British Empire and on the United States. The situation was precarious, to say the very least: if the British Empire or the United States should choose to stop selling raw materials and to stop buying cotton goods and silk, Japan would be ruined.

*Political Parties.* All parties in Japan agreed that the only hope for the future lay in a policy of industrialization on a huge scale. They disagreed over the best means to be employed. There were two great political parties: the Seiyukai, which laid emphasis on the development of internal trade, believing in Government subsidies for industry and agriculture; and the Minseito, which believed in developing foreign trade on the basis of strict economy at home and good relations with foreign nations. Opposed to both these policies were the militarists, led by the

General Staff, which is commonly called "the Camp." They were not a political party in any sense but they had great prestige — for the profession of arms was, and still is, held to be the most honorable by far — and great power, for the Camp was independent of the Cabinet and had most influence with the Mikado. The policy of the General Staff was simple: Japan must make her army and navy the strongest in the world, and maintain herself by conquest.

It might be expected that the two political parties would naturally be antagonistic to the militarists, not only on moral grounds but because of the expense their policy would involve. But the politicians of Japan, like those of every country in which party government is in its infancy, were corrupt. They represented not the interests of the community but the interests of two rival clans. When the feudal power of the nobility was abolished after 1867, sons of noble families who did not join the army turned to commerce, industry and finance, and through their family connections and official influence built up great trusts which controlled every aspect of the economic life of Japan. The greatest of these trusts was the Mitsui family concern, which was chiefly interested in banking, agrarian interests, manufactured goods and, above all, armaments. The Mitsui clan were behind the Seiyukai Party. Almost equally important was the Mitsubishi family concern, which lay behind the Minseito Party and controlled shipbuilding and engineering, marine insurance and warehousing, electrical engineering and aircraft construction. Though these parties were opposed on principle to the ambitions of the Camp, it is obvious that they were not without interest in military expansion. The Seiyukai stood to gain particularly by expenditure on the Army, the Minseito by expenditure on the Navy.

Events in 1918 played directly into the hands of the militarists. France and Britain were at war with the Russian Bolsheviks, and Japan was invited to send a quota of troops to help Kolchak against the Reds on the eastern front. Japan sent more than her quota, and seized the Chinese Eastern Railway and the eastern section of the Trans-Siberian. She dreamed of a ruined Russia, unable to compete in the trade of the East, she dreamed of a Japanese Manchuria and perhaps of a monopoly of the immense markets of China. To support her military expenditure she set to work to increase her Navy.

*The Washington Conference.* From these dreams Japan was abruptly awakened by the United States. The American Navy began a race in shipbuilding and set a pace which Japan could not hope to keep up. The American people showed angry resentment at Japan's control of the ex-German islands in the Pacific, which were stations of the U. S. cable system. What is more, America protested openly against Japan's ambitious policy towards China. The American policy towards China had always been that of the Open Door, in other words that there should be equality of opportunity in making profit out of the Chinese but no annexation of land in China. By the Twenty-One Demands in 1915 Japan had flagrantly violated that principle.

In 1921 the stage seemed set for a war in the Pacific. At the eleventh hour President Harding issued invitations for a Nine-Power Conference to meet at Washington. A large body of Japanese opinion, including the Militarists and most of the Seiyukai Party, held that it was a trap and that Japan should refuse to attend; fortunately for the peace of the world the Japanese Prime Minister thought otherwise and sent Viscount Kato, a member of the Mitsubishi clan, to Washington.

At Washington Japan accepted a ratio between her Navy and those of Great Britain and the United States of 3:5:5. With regard to China, Japan formally accepted the principle of the Open Door and the signatories undertook "not to support any agreements by their respective nationals with each other designed to create spheres of influence or to provide for the enjoyment of mutually exclusive opportunities in designated parts of Chinese territories." As a further act of grace Japan restored the Kiaochow district and the main railway of Shantung to China, recalled her armies from Siberia (though it was late in 1922 before the Japanese generals could be prevailed upon to evacuate Vladivostok) and reduced her army by 60,000 men.

The sweet reasonableness of the Japanese at Washington made a considerable impression on world opinion. "If there is one thing to be noted more than another by the work that has led up to this settlement," wrote H. G. Wells, "it is the adaptability, the intelligent and sympathetic understanding shown by the Japanese in these transactions. . . . The idea of them as of a people insanely patriotic, patrioti-

cally subtle and treacherous, mysterious and mentally inaccessible, has been largely dispelled. Our Western World, I am convinced, can work with the Japanese and understand them."

*"Dangerous Thoughts."* Japan had thus secured a breathing-space in which to set her house in order. But her leaders had scarcely had time to realize the difficulties which this would involve when a catastrophe occurred from which the nation has not yet recovered. On September 1, 1923, the most crowded area of Japan was destroyed by an earthquake. Tokyo—the eastern capital—and the great port of Yokohama were destroyed. In the earthquake and the great fires which followed it 160,000 lives were lost and £550,000,000 of damage was done. Figures can give no idea of the nature of the catastrophe. Anyone who has experienced the mildest earthquake, anyone who has sat in a room where the light-pendants have begun suddenly swinging and has seen the brick facings of the buildings opposite peel off and crash into the street, will know that the effect is not comparable to that of any other natural calamity. Storm and shipwreck, flood and fire, plague, pestilence and famine can be borne, but there is something in the horror caused by an earthquake that is almost outside the gamut of human fear.

The physical damage was soon repaired: in seven years the capital was rebuilt, a finer, more spacious city with wide streets and ferro-concrete buildings. The moral damage was harder to repair; a touch of hysteria which has not yet been eradicated crept into the psyche of Japan. There were fissures in the social as well as in the physical structure of Japan during those years. The suddenness of the Industrial Revolution had caused dislocations greater even than those it had entailed in England a century ago. The workers' hours were long and their pay small. The employers allowed them no life outside their jobs; many workers slept in the factories, the rest were housed in wretched slums with which the cities were clogged. Since 1919, when 35,000 workers in Kobe rose under the Christian preacher Kagawa, strikes had been frequent but always ineffectual. Trade unions in the cities were unrecognized and impotent. In these circumstances Communist ideas naturally gained ground among the students, 10 per cent of whom were said to have become Marxists. The Seiyukai Gov-

ernment did all that legislation could do to repress what was officially termed "dangerous thoughts," but the virus spread to the working class and the news of the British Labour victory of 1924 gave its leaders heart to organize a powerful movement for constitutional reform. In that year the reactionary Seiyukai Ministry fell, disgraced by revelations of profiteering in opium in Manchuria and embezzling money destined for military operations in Siberia, and was succeeded by a Mitsubishi Cabinet under Viscount Kato and Baron Shidehara. The new Government at once passed a Manhood Suffrage bill to give the working classes the vote, and it seemed that if internal dissensions among the working-class parties could be overcome wholesale reform would follow. But the Mikado's advisers refused to let him consent to the bill until a Peace Preservation Act was passed making attempts to overthrow the Constitution or to attack the system of private property a criminal offense for which the punishment (by an amendment of 1928) was death.

In spite of continued repression of "dangerous thoughts" the new Mitsubishi Cabinet was not unenlightened. With its assistance the Japanese cotton industry organized itself in a way that made its Lancashire rivals seem childish. Superior organization played a greater part than low wages and long hours in making the Japanese cotton industry the greatest in the world. Lancashire, faced with ruin, complained that the competition was unfair, but she had been beaten at her own game of free competition; if the game was unfair the fault lay not with Japan but with Lancashire, who had drawn up the rules.

*Japan's Peaceful Policy, 1922-1930.* For nearly ten years after the Washington Conference Japan pursued a policy of peace. Her expenditure on the armed forces was sometimes 48 per cent of her total budget and in no year less than 28 per cent, but she never had resort to arms. There was considerable provocation. In 1924 the United States passed an Immigration Act by which Japanese were expressly excluded. Since 1907 the Japanese Government had, under the terms of a "Gentleman's Agreement," refused to grant passports to coolies, and in the succeeding years the Japanese population of the United States had decreased; by tearing up the Gentleman's Agreement and



passing an invidious act of total exclusion, America had inflicted a studied insult on Japan. In the old days Japanese statesmen would have avenged themselves by war or suicide; in 1924 they swallowed the insult. Three years later Japan again showed restraint. When Chinese Nationalists invaded Shanghai, English and American warships opened fire on the invaders. There were Japanese warships in the harbor; the Japanese Consulate had been raided and the inmates murdered; yet the Japanese refused to take any part in the bombardment.

The Militarists and the Seiyukai were furious with this policy of nonintervention. In 1927 when Baron Shidehara was forced out of office by a banking crisis, they sent an armed force to occupy Shantung. But Baron Shidehara was soon back in power and ordered the evacuation of Shantung and the resumption of peaceful relations with all foreigners. The Militarists pointed to the danger from a National China and to the new menace from Soviet Russia, whose army was increasing every year, and who had now begun the double-tracking of the Trans-Siberian Railway. Yet the Government maintained its pacific policy. The Militarists were angry but could do nothing. They suffered a further rebuff in 1930, when a Naval Disarmament Conference was convened in London by Ramsay MacDonald to discuss the limitation of auxiliary naval vessels which had not been included in the Washington Treaty. The representatives of the Japanese Navy in London refused to limit their program of construction, whereupon MacDonald—in defiance of all diplomatic convention—communicated over their heads with the Prime Minister at Tokyo, who gave his consent to limitation.

The London Agreement was ratified in October 1930. Two weeks later the Japanese Prime Minister was murdered. And a revenge even sweeter than murder was in store for the Militarists.

*Economic Crisis.* In 1930 the World Crisis hit Japan with its full force. Japanese foreign trade fell by nearly a third in the course of the year; in no country in the world was the drop so severe.

Almost half the population of Japan were agriculturalists. They farmed tiny holdings of a couple of acres or so, slaving endlessly to keep their paddy-fields watered and weeded to raise the rice crop on which they must live. Every year conditions had been getting harder:

rents had been rising because landowners had to bear ever increasing taxation, and the price of rice, which had been stable for years, was now falling acutely. For their diet there was nothing but the unsalable residue of their own rice crop. Fish should have been plentiful, but it was too expensive, only one family in ten could afford the luxury. The only way the peasant could add to his resources was by growing mulberry-trees and rearing silkworms on the leaves; but now, suddenly, he found he could not get a fair price for his silk. The peasant wondered why. He was told that Americans could not afford to buy because there had been a crash on the stock markets of Wall Street. It was not a satisfying answer.

For the townspeople the situation was no better. Their economic life depended on three great industries, shipping, silk and cotton-manufacture. The World Crisis robbed their ships of cargoes and knocked down the price of silk and of cotton goods. And as if that was not hard enough to bear the Chinese had set a boycott on Japanese wares and the British Dominions were battening up their ports against the economic blizzard by building new tariff walls which Japanese exporters could not penetrate.

So this was the result of a decade of effort on the part of Japan to make her way peaceably in the economic field. She had learned the methods of the West and labored truly, only to find herself struck down by forces over which she had no control. It seemed as if the Militarists had been right all along.

It is deplorable, but in the circumstances not surprising, that Japan turned to war as the way out of the crisis.

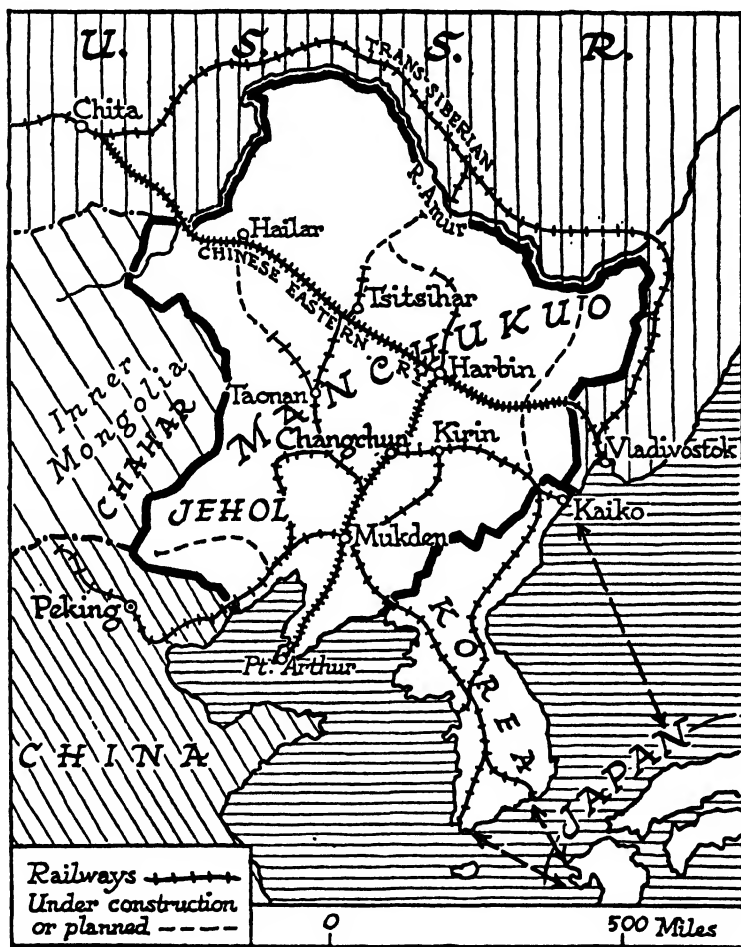
## IV · JAPAN'S DREAM OF EMPIRE

ON September 18, 1931, a bomb exploded on the South Manchurian Railway. The explosion was taken by Japan as a signal for invading Manchuria. Without declaring war, without any diplomatic warning, Japanese soldiers drove Chang Hsueh-Liang out of Mukden. No one who was on the spot was in any doubt as to their intentions: "I testify to efforts to establish a puppet independent government of Manchuria under Japanese military control," so ran a cable from an American witness to the New York *Herald-Tribune*.

Since 1644, when the Manchu dynasty came to the throne of Peking, Manchuria had been part of the Chinese Empire, known and administered as the Three Eastern Provinces of China. Until the beginning of the twentieth century the provinces, which cover an area as big as France and Germany together, were almost entirely undeveloped. Then Russia obtained the right to build the Chinese Eastern Railway as a short cut to Vladivostok and began the construction of a branch line from Harbin to Dairen and Port Arthur. After the Russo-Japanese War China granted, as we have said, a lease of this branch line to Japan for thirty-five years, and Japan formed the South Manchurian Railway Company to control the line and to develop the railway zone.

*The South Manchurian Railway Company.* For Japan Manchuria was a land of infinite possibilities. It could never form an outlet for her surplus population, the winters were too severe for the Japanese to bear; but its virgin forests and pasture lands were capable of supplying the raw materials for Japanese industry; its mineral deposits could supply the power — the coal and iron and shale oil which were so sadly lacking in Japan; and its agricultural belt would make up the deficiency in the Japanese food supply. The South Manchurian Railway Company set to work with extraordinary vitality. By 1930 over 2,000,000,000 yen had been invested by Japanese in Manchuria, and the company had constructed not only railways, but factories, chemical fertilizer plants,

ports and whole cities. The harbor at Dairen was entirely reconstructed and was exporting 60 per cent of the world's crop of soya beans and bean-products. The coal mines, which had been turning out a meager



300 tons a day in 1907, were now producing 30,000 tons; the iron deposits which had been considered unprofitable were being worked at a profit.

The labor for these gigantic enterprises was Chinese. Every year nearly a million Chinese fled from the famines and floods of their own country to take employment under the South Manchurian Railway Company or to settle in the now prosperous lands tapped by the rail-

way system. Chinese Nationalists resented this development of their country by foreigners — the Chinese did the work and the Japanese took the profits — but they were impotent to resist. China's Inspector General of the Three Eastern Provinces, Chang Tso-Lin, had established what amounted to autonomous rule over Manchuria and was hand-in-glove with the Japanese. They let him have armaments on credit and lent him enough money to build 500 miles of railway as tributaries to the South Manchurian line.

Before long Chang Tso-Lin quarreled with the Japanese. His ambitions spread to the conquest of China, and he moved his headquarters to Peking. This did not suit the Japanese book, and the South Manchurian Railway Company refused to carry his troops in their trains. Chang retaliated by building lines of his own, parallel to it; lines which if properly run would have diverted trade from the Japanese line and Dairen. In 1928 he was killed by a bomb, which, oddly enough, exploded as his train passed under a bridge guarded by Japanese. He was succeeded by his son Chang Hsueh-Liang, who resisted Japan openly. He joined the Kuomintang and refused to pay interest on the money which his father had borrowed. What is more he encouraged bandit raids on Japanese settlements. The Japanese were in a minute minority in Manchuria — the Chinese population numbered 30,000,000 to the Japanese 220,000. Alarmed for their safety the Japanese in Manchuria sent a delegation to Tokyo in 1930 to ask the Government to intervene. Baron Shidehara dismissed them politely: "It is not wise," he said, "to think of the diplomatic problems of the twentieth century in terms of the nineteenth."

A year later Baron Shidehara and his "twentieth century" policy of peace were swept away by the economic crisis. The Camp took control. Then the bomb incident of September 18 gave them an excuse to drive Chang out of Mukden.

*Manchuria Invaded.* The outside world was vastly shocked. Here was a civilized nation doing what civilized nations had not done since — well, not for a long time. True, the European powers had made a grab for Africa during the nineteenth century. True, the United States had more recently made what amounted to a grab for Central America, setting up an independent republic in Cuba in 1898 — in the interests

of humanity, of course — and interfering in a militant fashion in Santo Domingo, in Haiti, in Nicaragua and in Panama. Even President Wilson had not been above establishing American control over Mexico, just before joining the Allies "to fight for the rights of weak nations." But that was different; all those cases were different: there was no League of Nations in those days.

At the time of the Japanese invasion of Mukden the League Council happened to be in session at Geneva, with both China and Japan represented. China appealed at once to the League under Article XI of the Covenant, and the Council, which would have been unanimous but for the understandable disagreement of the Japanese delegate, ordered Japanese troops to be withdrawn completely from Manchuria by November 16.

The Japanese had no intention of withdrawing. On November 18 they captured the city of Tsitsihar. Their mood can be judged from the leaflets which their planes dropped on Chinchow, where the Chinese leader had established his headquarters.

Chang Hsueh-Liang, that most rapacious, wanton, stinking youth, is still failing to realise his odiousness and has established a Provisional Mukden Government at Chinchow to plot intrigues in the territories which are safely under the rule of the troops of the Great Japanese Empire. . . . The Imperial Army, which, in accordance with the principles of justice, is endeavouring to safeguard its interests and to protect the masses, will never recognise the Provisional Government of Chang Hsueh-Liang at Chinchow, and therefore, it is obliged to take drastic measures to suppress such a Government. The people of Chinchow should submit to the kindness and power of the Great Japanese Empire and should oppose and prevent the establishment of Chang Hsueh-Liang's Government, otherwise they will be considered as decidedly opposing the army of the Great Japanese Empire, in which case the army will ruthlessly destroy Chinchow.<sup>1</sup>

The stinking youth failed to realize his odiousness, and the Japanese took Chinchow and overran the whole of Manchuria. Within a year of the opening of hostilities every Chinese army in Manchuria was defeated and Japan declared that the Three Eastern Provinces were now the independent (*sic*) State of Manchukuo. The new State had Japanese

<sup>1</sup> Chih Meng in *China Speaks* (Macmillan: 1933).

advisers in every department and the Japanese Army for its military force; the deposed Manchu Emperor, Henry Pu-yi, who for the last ten years had lived under Japanese protection, was brought out of his retirement to become first President and later (in February 1934) Emperor of the new State.

All had gone well for Japan in Manchuria, but meanwhile she had suffered a severe setback in Shanghai. Shanghai is one of the five great ports of the world and is by far the most important in China. The city is built on a creek known as the Wangpoo River, some eighteen miles from the Yangtse. The riches of the city are concentrated in the International Settlement, which, though it harbors over a million Chinese, is ruled by a Consular body representing nineteen foreign Powers, including Japan. South of the International Settlement is the French Concession and the Chinese Native City. North of the Settlement, on the side nearest to the Yangtse, is the Chinese quarter, Chapei, and the terminus of the railway from Nanking. In February 1932 Japan sent a fleet to Shanghai to frighten the Chinese into stopping their boycott of Japanese trade. The Chinese called the bluff and defended Chapei, digging themselves into trenches along a line from the Nanking Station to forts on the Yangtse. Japan now had to attack or retire in disgrace. She decided to attack. Japanese aircraft bombed Chapei to pieces, but to the surprise of everybody, including themselves, the Chinese troops defied bombardment, shell barrage, and infantry charges. Japan was thwarted; after suffering heavy losses she made a truce and retired from Shanghai in May.

By the battle of Shanghai Japan lost more than men and money; she lost the sympathy of every other foreign Power with interests in China. For her attack on Chapei Japan had the northern part of the International Settlement as a base for a fighting force of 25,000 fighting men, 40 ships of war, 200 aeroplanes and a fleet of tanks — in defiance of Settlement Law and of specific promises made to the British Consul-General. By making the Settlement her base Japan exposed the nationals of the other foreign Powers to a counterattack from the Chinese and put in jeopardy the very existence of foreign trading rights in China. Western Powers could forgive the invasion of Manchuria; they were less likely to overlook the violation of their International Settlement at Shanghai.

In the eyes of the Western Powers the Japanese took the place which the Bolsheviks had held since 1917 as the villains of the world's political play. The Powers had made war on the Bolsheviks and had burned their fingers; they knew better than to make war on the Japanese. Distracted by the economic crisis, they did not even prevent their armament manufacturers from making profit by exporting arms to China and Japan indiscriminately. The League of Nations sent a Commission headed by Lord Lytton to report on the situation in the Far East. The Commission reported that Japan's action of September 1931 was not justified by reasons of self-defense, and recommended that the Powers should not recognize Manchukuo, which was nothing but Japan's puppet, and that the Japanese should evacuate all Manchuria except the railway zone. Completely unabashed, Japan meanwhile conquered Jehol, brought Inner Mongolia under the Manchukuan rule, and occupied the strongholds which are the key to Peking. On 24 February, 1933, the League adopted the Lytton Report. Japan's reply was to give notice of withdrawal from the League.

Japan had a case, of course. She was acting in the interests of the Manchurian people, as the East Indian Company and the British Government had acted in the interest of the people of India, and as the United States had acted in the interest of the people of Panama when they forcibly separated the Republic of Panama from Colombia. She maintained, furthermore, that her action was justified by treaties. She produced a Protocol purporting to have been signed at Peking in 1905, by which the Chinese Government engaged not to build main-line railways near or parallel to the South Manchurian or any branch line which might injure its monopoly. She reminded China of the Twenty-One Demands of 1915, giving Japan the lease of mines and railways in Manchuria until the year 2007. China had ignored these treaties. Furthermore the Chinese Government had failed to maintain order in the Eastern Provinces, had spilled Japanese blood in bandit raids and had not paid interest on money borrowed from Japan. She reminded China that Manchukuo was not annexed by Japan but was an independent State under a Manchu Emperor, which the inhabitants preferred to the military rule of the Changs. China's reply was that the Peking Protocol was a forgery, that the Twenty-One Demands had never been ratified by a Chinese Legislative Assembly and had been



signed under duress and were therefore invalid, that the nonpayment of interest does not constitute a right on the creditor's part to military interference, and that the Manchukuo régime was supported by nothing but the military force of Japan.

There is no need to probe these arguments. The fact remains that at one blow Japan had swept away the whole house of cards which statesmen had been so laboriously constructing since 1918 as a barrier against aggressive war. By the League Covenant of 1919, Article 8, "The members of the League undertake to respect and preserve as against external aggression the territorial integrity and existing political independence of all members of the League." By the Nine-Power Treaty signed at Washington in 1922, "The contracting powers, other than China, agree: To respect the sovereignty, the independence, and the territorial and administrative integrity of China. To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government." By the Briand-Kellogg Pact signed at Paris in 1928, "The high contracting parties agree that the settlement or solution of all disputes of conflicts of whatever nature or of whatever origin they may be, which may arise among them, shall never be sought except by pacific means." Japan had violated the spirit of Covenant, Treaty and Pact. The task of devising a machinery to outlaw war must be begun all over again.

*Officers Rule Japan.* The result of Japan's action was that Manchukuo, however independent in name, was under her control in fact; the iron and coal, beans and corn and timber of Manchuria were hers, and the problem of supporting an overcrowded population in a world of tariff war and economic crisis was, for the time, solved. The result of the League's action — if such mild admonition can be called action — was to convince the people of Japan that the Camp had been right and that neither understanding nor sympathy could be expected from the Great Powers.

The Militarists had invaded Manchuria in September 1931 on their own responsibility. Baron Shidehara and the Minseito Government, which was then in power, had tried to restrain them, to make terms with Chang Hsueh-Liang, but the General Staff had brushed them aside, and in December the Minseito ministers resigned and were re-

placed by a Seiyukai cabinet. The new Government was more aggressive in mentality—it countenanced the Shanghai venture—but not aggressive enough, for a few days after the Lytton Report was published the Prime Minister, Inukai, opened negotiations for a truce with China. A cry of lack of patriotism was raised against him and against his backers, the Mitsui family trust. Inukai and the head of the Mitsui concern were shot to death by young patriots with navy revolvers. Public opinion, which for so many years had been wavering between militarism, “dangerous thoughts,” and connivance in Mitsui and Mitsubishi profit-making, now turned violently to the side of the Camp. The hero of the war and the virtual dictator of Japan was General Araki, the Minister of War.

The success of the Japanese campaigns in Manchuria was largely due to Araki's organization. He had invented the slogan under which the Japanese soldiers fought: “Kill and give no quarter.” He had done more than that; he had given a name and a “philosophy” to the contemporary spirit of the Japanese people. The name was *Kodo*, which means the Way of the Emperor, a development of Shinto, the Way of the Gods. The “philosophy” was not unlike that which passes under the name of Fascism in the West. The highest good is the service of the State, the purity of the race is to be treasured above all things. *Mutatis mutandis*, we can hear the voice of Hitler in the speech General Araki made in March 1933:—

It is a big mistake to consider the Manchurian problem from a merely materialistic point of view and regard it simply as a question of rights, or interests or “life line.” The trouble has arisen because the corrupt materialistic ideas of the Chinese people, imported from the West, have defiled the racial spirit and national morality of the Japanese to the firing-point. We Japanese are not afraid of blood, nor do we grudge to lay down our life for justice. It is the Imperial House that is the Centre of us. Herein lies the supreme virtue of the Imperial House. His Majesty is, *ipso facto*, Japanese morality, and to assist in promoting the prosperity of the Imperial House or the spread of Japanese morality is the basic principle of our existence. Lately, however, the burning national spirit has been on the wane, it has been going down steeply. Capitalists are engrossed with calculation and profits to the neglect of the welfare of society. Politicians run after party advantage, forgetful of the interest of the State. . . . It is a veritable measure

of Providence that the Manchurian trouble has arisen, it is an alarm-bell for the awakening of the Japanese people. If the nation is rekindled with the same great spirit in which the country was founded, the time will come when all the nations of the world will be made to look up to our Kodo. Kodo, the great ideal of the Japanese nation, is of such substance that it should be spread and expanded all over the world, and every impediment to it brushed aside — even by the sword.<sup>1</sup>

Kodo goes further than the assertion of the superiority of the Japanese race. It holds that Japan has a sacred mission in the East, a duty to save Eastern peoples from domination by the White Races. By the Monroe Doctrine the United States had claimed to be the protector of the American peoples and European powers were forbidden to acquire new territories or political rights in the continent. Japan now made the same claim in Asia.

It was all very well for Araki to talk of Kodo: most sections of the ruling class in Japan would agree with that. But they could not be expected to agree with his attacks on "capitalists." The older officers of the Army and Navy knew very well that they depended on the politician financiers of the Mitsui and Mitsubishi clans to provide them with war budgets and with capital for the consolidation and development of Manchukuo. The politician financiers must be made the servants, not the enemy, of the Camp; therefore upstarts like Araki and the younger officers who were rallying to his Fascist banner must be put in their place. In 1934 Araki was forced to resign and in 1935 a wholesale purge of agitators in the Army was carried out. The younger officers replied by an insurrection on February 26, 1936, in which they attempted to murder every important Cabinet Minister. Only four Ministers were assassinated; the Premier, Okada, escaped by hiding for several days in his own house, emerging disguised as a mourner at his own funeral — really that of his brother-in-law, who had been murdered by mistake. The coup had failed. The old clique of financiers remained in power, though purged of their liberal elements and dominated by their reactionary relatives in the high military commands. Tension remained in Government circles, tension between politician financiers who wanted to be sure of a return on their money

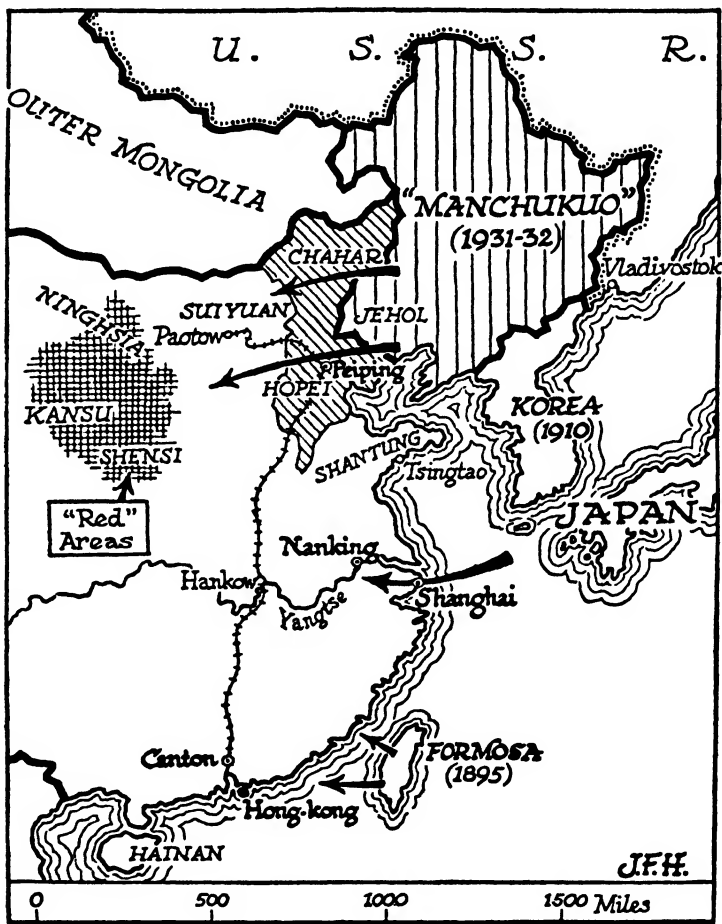
<sup>1</sup> *The Japanese Weekly Chronicle*, May 16, 1933.

before they ventured on new military adventures, and officers who wanted the adventures first and the return afterwards.

*The Sino-Japanese War.* The course of conquest moved slowly after the Manchurian invasion of 1931. The year that followed was fully occupied with consolidating the conquered provinces; but in 1933, the year in which Japan withdrew from the League, Japanese forces penetrated Jehol. In 1935 the so-called Manchukuo Government bought the Chinese Eastern Railway from Russia. In 1936 Mongolian bands under Japanese direction made their way into Chahar. At this point the politicians called a halt. But at that very moment the Chinese Government of Chiang Kai-Shek made its peace with the Chinese Communists under Mao Tse-Tung. Faced for the first time by a united China pledged to resist Japanese aggression, Japan resolved to get her blow in first. The summer of 1937 was a favorable season for adventures: there was no need to fear European interference while the Western Powers were at loggerheads over the breakdown of Non-intervention in Spain. On July 28 a Japanese offensive was launched against China, and within a few days Peking, the traditional capital, and Tientsin, the great industrial center and port, were in Japanese hands.

If the military experts who ruled Japan expected a quick issue to the war they were disappointed. Chiang Kai-Shek, for all his tardiness in resisting Japan, now proved an implacable enemy and a masterly strategist. The key to North China is to be found in three railway lines: the first joins Peking to Tientsin and was soon in Japanese control, the second runs south from Peking to Hankow, and the third runs from Tientsin and Nanking. The war took the form of a Chinese rear-guard action along these two southern lines. Japan adopted the terrorist methods against civilian populations which had proved so ineffective in Spain, bombing the Chinese quarters of Shanghai and razing Soochow to the ground. Chiang's troops fought cleverly and retreated slowly and in good order. The Communist troops under his command prevented the Japanese from turning the western flank of the Peking-Hankow line, and his own troops prevented them from turning the flank of the eastern line between Shanghai and Nanking. But in October 1938 the Japanese broke through. Within a single week

Canton and Hankow, the two largest cities remaining in Chinese hands, were surrendered. By the end of 1938 the Japanese were in command of the railway lines, held the river estuaries and the middle Yangtse and had forced the National Government to retire to the



far interior. But that was all the success they could claim. Their lines extended over tens of thousands of miles, they were isolated in an antagonistic countryside, and every month saw the Chinese more united in their determination to resist. The war had ceased to be a military matter; it had become a race with time, the question being whether Chiang Kai-Shek's Government or the militarist régime

at Tokyo would crack first under the overwhelming financial strain which the prolonged hostilities involved.

Behind the rodomontade of the Camp and the aggressions of the years since 1931 lie certain fundamental Japanese needs. Japan must import rice, corn, fruit and oil and all the raw materials of industry except silk. To pay for these she must export finished industrial goods. Therefore she needs open markets for imports and exports. If those markets are closed by boycotts, tariffs, quotas and other instruments of economic nationalism, she has determined to force them open by war. Manchukuo has given her certain foodstuffs, particularly the versatile soya bean, and a field for capital investment. China is expected to yield certain others, together with an unlimited field for investment and a huge market for industrial goods.

The aim is to weld Manchukuo and China into a single reservoir providing Japan with armaments, materials and markets. As the Japanese Premier, Prince Konoye, said in January 1938, "In the field of industry the basic principle of the Government will be laid in the increase of our nation's productive power under one comprehensive scheme covering Japan, Manchukuo and China, and efforts are to be exerted towards supplying the articles needed for national defence, promoting all the more important industries and expanding our export trade."

But that is not the end of Japan's dream of Empire. In Formosa she already holds a colony which provides her with all her sugar, with much of her rice, camphor and fruit, and with a revenue of 5,000,000 yen. Away to the south of Formosa lie boundless territories rich in every tropical product which Japan most requires to balance her industrial economy. As Admiral Takahashi said in 1936: "Japan's economic advance must be directed southward, with either Formosa or the South Sea Mandates as a foothold." The only difficulty lies in the fact that those southern territories form part of the empires of the decaying and distant democracies of France, Britain and Holland.

*Bait in the Southern Seas.* Most tempting of all economic *pièces de résistance* to Japan are the Dutch East Indies. Japan needs oil, rubber, copra, pepper, tin, coal, gold and silver; the Dutch Indies have them. In Borneo the finest petroleum in the world is mined. The Islands ex-

ported 36 per cent of the world's rubber supply in 1936, 27 per cent of its copra, 95 per cent of its pepper. Japan's share in the trade of the Netherland's Indies is growing (her share in their imports rose from 9.5 per cent in 1928 to 30 per cent in 1935), but it is not growing fast enough. At every turn her traders are impeded by quotas imposed by the Dutch.

Second only to the Dutch East-Indian colonies in value are the British holdings in Malaya. They produce the greater part of the world's supply of tin and rubber, two commodities on which our twentieth-century automobile civilization depends. In 1926 their total external trade was greater than that of all the other British Colonies put together. In Malaya as in the Dutch Indies Japan's economic expansion was thwarted by European imperial policy. The British, alarmed by the drop in rubber prices in the great economic depression, ordered a sharp restriction of rubber production. At the same time, equally alarmed by the plight of the Lancashire cotton industry, they introduced a quota which seriously restricted imports of textiles from Japan. The Japanese have to look on while the Malayan market is half closed to them, in the interests of the British.

Between China and Malaya, and guarding the potential sea route from Japan to the Straits, lie French colonies of Annam, Tonking, French Indo-China and Cambodia, with their twenty million inhabitants. French Indo-China has not the supreme economic value of the Dutch Indies or of Malaya, but the Sino-Japanese war has made it of great strategic importance. Chiang Kai-Shek realized this importance before the war began: he established a training school for air-pilots at Yunnanfu and encouraged the opening of regular air communications between Hanoi, the capital of French Indo-China, and Yunnanfu and Chungking in central China. In 1938 when the Japanese controlled the entries to China from the north and were blockading the ports all down the coast, the railway from French Hanoi to Yunnanfu became the most direct link between Nationalist China and the outer world. On a threat from the Japanese Government, Paris put an embargo on arms traffic along this line. The French knew well that the French fleet in the Pacific could never be strong; they knew that they could never hope to defend their colonies in Indo-China against a determined attack by the Japanese navy.

To defend their Eastern possessions the European powers have only one base, Singapore. It is at the crossroads between Suez and the Pacific, between India and Australasia. In 1921 the British Parliament voted £10,500,000 to make it the greatest naval dockyard and air-station in Asia. The reason for this was admirably explained by the First Lord of the Admiralty in a parliamentary speech on March 18, 1924:

"Singapore is essentially in a British part of the world [*sic*]. It is actually the point of one of the richest and most progressive parts of the Empire. It is the key to the Indian Ocean, round which lies three quarters of the land territory of the Empire. The great Southern Dominions, India and our East African possessions lie round that ocean. Three-quarters of the population of the Empire is around it also. We have not a single base in all that vast ocean in which a modern ship could be fitted or repaired. . . . There passes through that ocean every year something like £1,000,000,000 worth of our traffic and a great deal of other traffic belonging to the rest of the Empire."

The Singapore base may be expected to hold the Eastern entrance to the Indian Ocean, but can it be used as a bar to Japanese aggression in the Pacific? Hong Kong is 1500 miles away. Manila, in the Philippines, is 1340. Both are easily accessible to Japan from Formosa.



## V · THE FAR EAST IN FERMENT

THE Chinese Revolution has been in full tide for a quarter of a century, yet it is still only at its beginning. There can be no question of estimating now its final achievements, but from this generation of flux have emerged certain new factors in the life of China which may well be of permanent importance in the history of the country. These factors we must attempt to isolate.

*Renaissance and Reformation in China.* The changes that have taken place in the cultural life of China are perhaps best illustrated from the life of the man who is recognized as the intellectual leader of China today. Hu Shih was born in 1891, the son of an elderly and learned official and of an illiterate country girl. His father intended him to be a man of letters and before the child was three he had learned no less than eight hundred characters. Later, at a village school where the children were kept at work for twelve hours a day and bowed to the image of Confucius as they bow today to the portrait of Sun Yat-Sen, the boy memorized the classics<sup>1</sup> which then formed the basis of every Chinaman's education. If he had been born a few years earlier Hu Shih would have gone on with his study of the classics to prepare himself for the final examination in Peking where each candidate was shut up for several days in one of the thousand examination cells to answer the questions on the ancient writers, for it was on the results of this examination alone that administrative and educational posts in Imperial China could be secured. But in 1905 the system of competitive examinations and the classical curriculum at the higher schools were abolished. Hu Shih went to Shanghai, where for six years he studied the works of Western philosophers, Hobbes, Descartes, Kant, and particularly Huxley, Spencer and Darwin. The

<sup>1</sup> Namely *The Book of Filial Piety; The Elementary Lessons; The Four Books*, i.e., *The Analects of Confucius, The Book of Mencius, The Great Learning, and The Doctrine of the Mean*; and *The Four Classics*, i.e., *The Book of Poetry, The Book of History, The Book of Change and The Li Ki*.

Darwinian doctrine of the Survival of the Fittest impressed him so deeply that he took the name of Shih, which means Fittest. During these years he was supporting himself and his mother by giving lessons in English and Chinese. Then he won a scholarship to America on a foundation established with the money which China paid to the United States by way of indemnity for the Boxer Rebellion. From 1910 to 1917 he was at the universities of Cornell and Columbia. His professor at Columbia was John Dewey, who became his friend and exercised a great influence on his life, and through him on the development of the intellectuals of China. From Dewey he learned the value of logical thinking and the necessity of verifying his hypotheses by exact evidence. Hu Shih became a materialist. As a boy he had found himself in conflict with the orthodox religions of China, with Taoism and with Buddhism as much as with the worship of Kwan-yin, the Goddess of Mercy, who was his mother's favorite deity. He had found in the works of some ancient and heretical philosopher the following words, which made an enduring impression on him: "The body is the material basis of the spirit, and the spirit is only the functioning of the body. The spirit is to the body what sharpness is to a sharp knife. We have never known the existence of sharpness after the destruction of the knife. How can we admit the survival of the spirit when the body is gone?" Hu Shih did not believe in personal immortality; in his belief, he wrote, "*Everything* is immortal. Everything that we are, everything that we do, and everything that we say is immortal in the sense that it has its effect somewhere in this world, and that effect in turn will have its results somewhere else, and the thing goes on in infinite time and space."

Fortified with this philosophy, Hu Shih returned to China in 1918. He took no part in the political work of the revolution for he held the doctrine of nonresistance ("Five centuries before Christ, the Chinese philosopher Lao-Tse had taught that the highest virtue resisted nothing and that water, which resists nothing, is itself irresistible"). He saw the immediate task of the Revolution to lie, not in politics, but in the promotion of a new literature, a literature which would be intelligible to the masses and which could express the thought of the modern world. The literary language of China was the language of Confucius; ever since the first century after Christ it had been unintelligible to

the masses, who had evolved new spoken dialects of their own. Only after many years of learning could a man master the written language; it followed that the business of ruling and guiding China fell into the hands of a literary élite versed in the classics. Side by side with this literary language a new written language had grown up. Popular novels were written in *pei-hua*, which was a simple transliteration of the vernacular dialects into a mere hundred characters. Millions of men taught themselves *pei-hua* and read the novels, but they were ashamed of their knowledge, for *pei-hua* was despised as a vulgar tongue by the ruling class of Confucian literati. Hu Shih set himself the task of establishing it as the recognized written language of China. He wrote his poems and pamphlets in the vernacular, and the young intellectuals of China who had come to accept him as their master upheld his example. Publishing houses were founded to pour out hundreds of thousands of copies of textbooks and pamphlets in this common tongue. The schools began to teach *pei-hua*. The result was that China began to become a country of literate people.

It was a tremendous reform which can be compared only to the change which came over Europe when the national tongues began to replace Latin as the only written language of Europe, when Chaucer wrote in English, and Dante in Tuscan, and the poets of the Pléiade in the French of Paris. Instead of a thousand dialects and one written language comprehensible only to clerks, Europe emerged with a few flexible and virile national languages which became the vehicle of the new culture which bore Europe from Medievalism to the Modern Age. Hu Shih, by making *pei-hua* the written speech, has made a similar cultural revolution possible for China.

Hu Shih's outlook has spread to every university in China. He sees Buddhism as the great enemy of China, Buddhism which, spreading from India in the first centuries after Christ, strengthened incalculably the spiritual life of the country but today survives only as a leech sapping the power of the Chinese to adapt themselves to the conditions of the modern world. Hu Shih, the Voltaire of the Chinese Revolution, would put in place of Buddhism what he calls Creative Understanding, an adaptation of the materialism of John Dewey to the ancient thought of China. He would have his pupils forget their preoccupation with personal immortality and with ancestor-worship. He would have them

not concern themselves with worship of a God: "On the basis of all our verifiable scientific knowledge, we should recognize that the universe and everything in it follow natural laws of movement and change — 'natural' in the Chinese sense of 'being so in themselves' — and that there is no need for the concept of a Supernatural Ruler and Creator." In this Hu Shih is in the true line of Chinese tradition, for Confucianism said nothing of a supernatural religion but taught precepts for leading a harmonious life. Hu Shih sees the mastering of Western technique to harness the forces of nature as the most important task for contemporary China. But it must not be imagined that he and his followers believe in Progress in the American sense. "Chinese who applaud the triumphs of the machine rarely mean what the West means when it uses the same phrases. The latter hails it as a master, the former accept it as a servant. When they reflect on the weakness of their own country in the face of foreign Powers, they feel like a giant outwitted by a dwarf. They admire the devices which give success to the barbarian, as a European may admire the skill of a native tracker who follows game through the bush or kindles a camp fire by rubbing sticks. To neutralize his capacity for mischief, so prodigious and incalculable, and gain what good he has to offer, they must master his tricks. But tricks, after all, are but tricks; means are means and nothing more. Apart from a handful of ex-students educated in America, most Chinese would as little dream of succumbing to the philosophy of the West, and endorsing its ends, as the European of exchanging his life for that of a bushman."<sup>1</sup>

The achievement of the cultural renaissance has been to give the Chinese a language which they can easily learn to read and write, and a philosophy which reconciles the apparently conflicting forces of Chinese tradition and Western civilization. Chih Meng, the Director of the China Institute in America, has said of the Chinese renaissance: "The goal is democracy, the process is education; the underlying philosophy is to live and let live." Institutions for spreading the New Learning to the Masses were created at an astonishing pace under the Nanking Ministry of Education in the years preceding the Japanese invasion. By 1936 there were probably ten million children in primary

<sup>1</sup> R. H. Tawney in *Land and Labour in China*.

schools, and a campaign against adult illiteracy had been successfully waged by Y. C. James Yen and the Mass Education Movement. There were five hundred establishments for higher education, and the number of students in universities had increased from a beggarly 481 in 1911 to 43,519 in 1936. The tragedy was that 84 per cent of these higher educational institutions, including 16 out of the 20 American-supported Universities, were situated on the East coast. The Japanese made them the first mark of their bombers, realizing full well that in the high schools and colleges were congregated the young men who were preparing to be the leading technicians, executives, and rulers of nationalist China.

The two facts most widely known about the people of China were that the men wore pigtails and the women's feet were bound. These customs symbolized the two loyalties which guided the lives of the Chinese: in token of submission to the Emperor men twisted their hair into queues, in token of submission to the family girls let their feet be bound. Since the Revolution pigtails have gone — they were cut off as a sign of emancipation in 1911 — and the binding of the feet is fast going out of fashion. Loyalty to Emperor and to family have disappeared. It is difficult for Western people to imagine the implications of the break-up of the institution of the patriarchal family; it meant more than a home to the Chinese, more than a clan: it was almost in a sense a state, in a sense an association for worship: it stood for a moral discipline. There has been a change in all that: the boys are free to choose their own mates and their own careers, they value their independence and are unhampered by any of the responsibilities incumbent on the dutiful sons of former days, the girls let their feet grow, cut their hair, wear Western frocks if they choose to, and marry for love, sometimes keeping their maiden names and competing with men in professional and public careers.

It must not, however, be imagined that the decline of filial piety has been accompanied by moral degeneration. China's Reformation, like that of sixteenth-century Europe, has been puritan in character. A New Life Movement radiating from Nanking waged war on opium-addiction, on prostitution, and on the sale of nubile daughters, thus combining the Confucian moralities with the moral legislation of the Western Powers in a manner typical of modern China.

The Revolution has upset the traditional class-structure of China. Formerly Chinese society was divided into four classes, in the following order: scholars, farmers, artisans and traders. The scholars held, as we have noted, all offices of public responsibility: they were the aristocracy of China, an aristocracy of culture. The farmers, comprising the vast majority of the population, worked the smallest holdings in the world for the smallest returns and were held in high esteem; poets and moralists were unanimous in praise of the farmers' way of life. The artisans followed a tradition of craftsmanship two thousand years old and were respected accordingly. The traders were usually middlemen in the service of foreigners; accordingly, they were despised. At the bottom of the social scale, too few in number and too low in public esteem to be counted as a class, came the soldiers. Today the ruling class is composed of soldiers turned politician and traders turned financier and banker, and of graduates of Western Universities who have returned full of scorn for the farmers and artisans of China and full of schemes for their improvement. One hears a great deal of the scorn and little of practical reform.

If one were to ask me who is the most inefficient person in the world [wrote R. Feng<sup>1</sup>], I should answer — the Chinese farmer. In fact, he works day and night, snow or rain, using the last ounce of energy of his seven year old child, his eighty year old grandmother, his six month old donkey and his thirty-nine year old buffalo. Yet he can scarcely keep the wolf from the door. Does he deserve to be praised by his neighbours as a most skilful farmer? Should he be satisfied with his present standard of living? In spite of all noteworthy practices there is something fundamentally wrong with Chinese agriculture.

The truth of this would not be disputed, but no Government in modern China has proved itself stable and resourceful enough to improve the lot of the farmer. In spite of Nanking's paper schemes for flood control, 140,000 people were drowned in the Yangtse floods of 1931.

*The Industrial Revolution.* The first step towards improving Chinese agriculture, Sun Yat-Sen had said, was to set up a native-owned in-

<sup>1</sup> Director of the Department of Agricultural Education in the National Association of Adult Education.

dustry. A great advance towards industrialization has indeed been made—and this is the most obvious achievement of the revolutionary era—but the key industries are still in foreign hands. Between 1920 and 1930 the number of cotton mills in China increased from 54 to 127, the number of factories from 673 to 1975, but in 1931 foreigners still, according to Tawney, controlled “over a quarter of China’s railway mileage, over three-quarters of her iron-ore, mines producing more than half her output of coal, more than half the capital invested in cotton mills, a smaller yet not negligible proportion of that invested in oil-mills, flour-mills, tobacco-factories and banks.”

The factory system is still in its infancy in China; we must expect to find the conditions of overwork and underpay which are common to every country at the beginning of an unregulated industrial revolution. Conditions differ widely of course, but we may take it that the average working day is twelve hours. There are factories in Shanghai working on a fifteen-hour day. Even miners are kept below ground for twelve hours, with two or three short intervals for meals. In wages there is no standard for comparison with Western rates, but some idea may be given by noting that in Fushun and Kailan, the two best foreign-owned coal mines, the average wage is only forty cents. Child labor is common and female labor usual—over 70 per cent of the industrial workers in Shanghai are women.

It is true that the hours were no shorter and the wages no higher in the handicrafts and domestic industries which prevailed in China before machine-industry was introduced, and which still prevail everywhere except in the industrial towns on the rivers and the coast. But there is all the difference in the world between work in a craftsman’s shop and in a factory. As Tawney says: “The contrast is that between an untidy home and an ill-conducted prison. The easy-going employer, who has worked with his men like a father with his family, is replaced by a tyrannical foreman, whose position depends on the output he gets. The pace is set, not by the older workmen, who know the craft, but by the machine. The casual, half-domestic atmosphere of the old-fashioned workshop, with its gossip, smoking, breaks to run to the door to chat to a passer-by or take sides in a street quarrel, meals shared by workmen and master, and endlessly circulating tea, gives way to factory routine, without factory standards in the matter of

leisure, safety, sanitation and working rules, which alone make it tolerable." There is virtually no legislation protecting the workers: the first Factory Act was passed in 1924, and though there have been many since that, the Nanking Government has done little or nothing to enforce them. The workers have no organizations to guard their interests; trade unions have been in existence since 1918 and in the years of the Kuomintang's march north they were powerful, but under Chiang Kai-Shek they were gagged.

Whether under native or foreign direction, whether with Japanese or European capital, the industrialization of China is bound to proceed apace in the near future. To the Nanking Government under Chiang Kai-Shek credit is due for establishing two conditions of its progress. The first is an improvement in the means of communication: between 1931 and 1938 the miles of highway were increased from 600 to 6000, Canton and Hankow were joined for the first time by rail, and foreign concessionaries began to lay lines in the far interior—in Szechuen, for instance, which had never seen a locomotive engine, a French company was providing capital and materials for a railway. The second is a uniform currency: in November 1935 China went off the "silver standard" and Nanking put in its place a managed paper currency. Nanking notes began to replace the varied provincial currencies, and the course was set at last for centralized currency control.

*China in 1938.* The revolutionary aims of Sun Yat-Sen had been brought some distance towards achievement by 1938. The Principle of Nationalism was accepted now by every politically conscious Chinese. What Dr. Sun had failed to do, what Chiang Kai-Shek between 1927 and 1937 had hardly attempted—unification of China's millions with a single purpose and under a single, though weak, Government—had been achieved by the aggression of Japan. In 1931 there were a dozen independent régimes—Chang Hsueh-Liang and the war lords in the north, the Nanking Nationalist Government on the Yangtse, the Soviets in Kiangsi, the dissident Left Kuomintang at Canton. In 1938 all were united under Chiang Kai-Shek in resistance to the invader. And what is more important than coalitions of rulers, the common people of China were galvanized by Japanese atrocities and by the sight of the enemy in the midst, into a unity based on the



realization of their common nationalism. China had lost much of her territory yet had won something of her political soul.

But the Principle of Democracy was further from realization in 1938. Dr. Sun's ideal was government for the people and by the people. The Nationalist Government claimed to be a democracy, but in effect it was a party dictatorship of the Kuomintang under Chiang Kai-Shek. There were no elections; the Government was the Kuomintang. If Sun Yat-Sen had been alive, he would have said that the revolution was in its second phase, the phase of political tutelage. In that period the Party should have been educating the people in self-government, and this is precisely what was happening, at least in the Communist districts, through the medium of local Soviets. There was still bribery and corruption, peculation, nepotism and "squeeze," but the common people no longer accepted all this as inevitable. The ideal of service to the community was making its way into a country where officials had always regarded office as a mere opportunity for self-advancement.

As for Social Justice, the third Principle, we have seen how far that was from realization in contemporary China. There can be no social justice while a foreign enemy is within the gates. Even if and when the foreigner is overthrown, there can be no social justice until some form of stable government is established. Judged by Western standards China has no stabilized government or administration. Taxes are not regularly collected, crimes are not lawfully punished, statutes are not enforced. Rivers and ports are still policed by foreign warships, and Japanese shells and bombs are bringing terror and chaos to the capital cities of China.

Yet in spite of all this, the prospect for China is full of hope. Her Revolution has achieved the breakdown of a dead literary language and the beginning of a literary renaissance, the grafting of Western ideas upon the stem of Chinese culture — a freedom from moral bonds of filial duty, a realization of the right of the individual to lead his own life, with the beginnings of a realization that individualism must be combined with service to the community in the form of determined and united resistance to foreign exploitation and aggression. For the first twenty-eight years of a Revolution affecting four hundred million people, this is no mean achievement. If Western opinion is inclined to deplore the anarchy of contemporary China, it is well to remember

that the Revolution that China is undergoing is a combination of those processes which the West calls Renaissance, Reformation and Industrial Revolution.

*Nationalism in Indo-China.* On the success or failure of the Chinese Nationalist Movement in its struggle with Japan depends the future of a half-dozen other nationalist movements in countries between India and China. In the French colonies, nationalism was nipped in the bud before our period begins, and in the postwar decade the twenty million people of French Indo-China were happy in having no history. In Burma the movement appeared as an agitation for separation from India. There was no reason, except for the accident of conquest, why Burma should be counted part of British India. The Burmans are distinct in race and religion from the Indians: they have a different social structure—no caste system and no segregation of women—and their country is separated from India by an almost impassable mountain barrier. Yet the Montagu-Chelmsford Report recommended that Burma should continue to be administered by the Government of India. The Reforms of 1919 were not applied to Burma. It was 1923 before Burman agitators won concessions which gave native ministers the control of certain “transferred” subjects, and this victory did not amount to much, for the ministers were appointed by the British Governor. When the question of Dominion Status for India came on the *tapis*, the Burmese demanded separation. (The prospect of temporary British rule was tolerable to them; the prospect of permanent Indian rule was not.) They won from the Simon Commission the recommendation that Burma should be separated from India. This led to a Burma Round Table Conference, which produced from the British Government a new Constitution. Considerable powers were reserved to the British Governor, but the Burmans were assured “that it would be the endeavour of His Majesty’s Government to insure that these powers shall not prejudice the advance of Burma to full self-government.”

Nationalism in Burma’s eastern neighbor took a different course. Siam, or to give her the native name, *Muang Thai*, the Kingdom of the Free, was an independent State under absolute monarchy. The independence of the Kingdom had been whittled away by successive

annexations of her borderlands to French Indo-China and to British Malaya, and was severely curtailed by treaties of extraterritoriality. By these treaties the European nations were able to bring their subjects in Siam under their own law courts and out of control of Siamese jurisdiction. They abused the treaties by extending extraterritorial privileges to other foreigners, even to the Chinese laborers who were pouring into the Kingdom in ever-increasing numbers.

In the World War Siam, sandwiched between British and French possessions, had no choice but to join on the side of the Allies. She postponed her entry till July 1917 and confined her activities to interning Germans and confiscating German shipping. Her participation earned her this reward: at the Peace conference Germany and Austria-Hungary were made to sign away their extraterritorial rights. The whole principle of foreign juridical privileges was undermined by this. Siamese legists were at work on a new legal code; now that they had the example of the Austro-German renunciation before them, there was no excuse for foreign Powers to insist on separate law courts in Siam once this code was finished, so the United States gave up its extraterritorial rights in 1920, and by 1926 France, Great Britain and the Netherlands had done the same. Chinese Nationalists were not slow to point the moral of this: if the Powers could recognize the sovereignty of one Eastern Government they could recognize the sovereignty of another. But the Powers refused to admit any parallel between a small unified State of ten million inhabitants, where the tin and rubber industry was in its infancy, and a vast sub-continent of four hundred millions whose industrial resources were infinite and where there was no stable Government at all. Great Britain had particular reason for looking on Siam with a benevolent eye; the teak industry was in British hands and the autocratic monarchy was strongly Anglophile. The only fact that Britain overlooked was that a strong national movement was fermenting in Siam, and its leaders were looking to Canton and not to London for inspiration. A young Siamese lawyer, who had been educated in Paris, Luang Pradit by name, was rapidly winning a large following among natives who were discontented with the royal autocracy. In June 1932, while King Prajadhipok was absent from the capital, some regiments of the army rebelled, and Luang Pradit presented the King with a Constitution

which he had perforce to accept. A National Senate met and it seemed that the day of despotism in Siam was over. But the course of true liberty did not run smooth; in April 1933 the forces of reaction organized themselves and the Senate was dissolved and Luang Pradit expelled. A second *coup d'état* followed two months later; and the Senate met again, and Pradit returned. Again the reactionary forces struck, but this time the Constitutional Government was strong enough to overawe opposition; it suppressed the Right Wing insurrection of October 1933 and Luang Pradit took the helm. The Constitutional Government was not a parliamentary democracy. In fact it was a dictatorship of the Siam People's Party, which was organized on the lines of the Kuomintang and followed a nationalist policy. If the interests of any foreigners were favored, they were not those of the British strangers, but those of the Chinese—it is worth noting that one in six of the people were pure-bred Chinese. And if some sort of foreign imperial penetration were inevitable, the Siamese preferred the claims of Japan and her Asiatic "Monroe Doctrine" to those of Great Britain.

*Revolt in the Pacific.* Nationalism in the Dutch East Indies has drawn its inspiration from both India and China, and its methods from both Burma and Siam. The Javanese were Moslems and excited by news of the wartime revolt of the faithful in the Middle East. As neighbors of China, they had another example of emancipation nearer home, in Sun Yat-Sen's movement which had its headquarters in the southern port of Canton. The Dutch were as well-intentioned as the British towards their Eastern subjects, and in 1916 the Hague States-General promised the East Indies much the same progress towards self-government as the Westminster Parliament promised India in 1917. Good intentions paved the road to political hell in the East Indies as in India. The Dutch set up a Volksraad or People's Council in Batavia, but the islanders protested that it was neither the People's nor a Council in any effective sense. And they were right: the majority of the members of the Volksraad were not elected representatives but foreigners nominated by the Dutch; and the powers of the Volksraad did not extend to finance, which together with the ultimate authority on all important questions remained with the States-General at the Hague. Agitation forced the Dutch to make concessions; in 1925 they

granted a new Constitution to the Indies, allowing the natives to elect 38 out of the 61 members of the Council. It was too late now for minor concessions. Revolution was in the air of the tropical East; already the Kuomintang was beginning its great march north from Canton. In 1925 there were strikes in the East Indian industrial centers; riots broke out in Java in 1926 and in Sumatra in the following year. The Dutch suppressed the risings with a heavy hand and tried to quieten their conscience by persuading themselves that the disturbance was the work of a few Communist agitators. Yet though a thousand of the latter were interned in New Guinea the Nationalist movement went on. By its activities a National People's Bank was established and a National Educational Institute set up which built some forty boarding schools to give children an Indonesian instead of a European education; the motto of the school was, "A craftsman who makes beautiful and useful objects is much more valuable than a clerk." An attempt was made to follow Gandhi's lead in India by encouraging the domestic manufacture of goods which were usually imported. But in 1934 the Nationalist Movement had won no showy success though it began to be borne in upon the Dutch as upon other European imperialists in the Far East that their dominion could be continued only on condition of giving the natives a real voice in their own affairs and of developing the resources of the islands at least as much in the interests of the natives as of bondholders in the "mother" country.

To find the clearest example of the discontent with Western imperialism which has broken out all over the Far East in recent years and of the conflicting principles which have been reflected in the policy of each imperialist Power, we must go to the Philippines, those 7084 islands which form the northernmost group of the East Indian Archipelago. The United States took over the Philippines from Spain in 1898 and found themselves confronted with much the same problem as the British in India. Like India the Philippines were 3000 miles away from the capital of the "Mother Country," like the Indians the inhabitants were partly Moslem, partly Hindu, partly Christian, and had no common language. The intentions of the Americans were as good as those of the English and the Dutch: in the preamble of the American "Jones Law" of 1916 it was announced: "It is, as it always has been, the purpose of the people of the United States to withdraw

their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein." The Americans did not make the English and Dutch mistake of going too slowly on the way to colonial self-government. In Francis Burton Harrison they had a governor who really believed in the policy of "The Philippines for the Filipinos." When Harrison's governorship ended in 1921 only four per cent of the members of the Government service in the Islands were Americans, and the Filipinos were in fact ruling themselves. They had carried out some excellent reforms, particularly in public health and primary education—departments in which British, French and Dutch colonial Governments had much to learn. In 1920 President Wilson was able to remind the United States Congress that "the people of the Philippine Islands have succeeded in maintaining a stable government since the last action of the Congress in their behalf, and have thus fulfilled the condition set by the Congress as precedent to a consideration of granting independence to the islands. I respectfully submit that this condition precedent having been fulfilled, it is now our liberty and our duty to keep our promise to the people of those islands by granting them the independence which they so honourably covet."

But American opinion on the question of the islands had changed completely since the war. In view of the emergence of Japan as a great naval Power in the Pacific and of the consequent threat to America's cherished policy of an open door for trade in the inexhaustible markets of China, a strong station in the Philippines seemed a positive necessity for the United States. What is more, American businessmen had awakened to the possibilities of the islands for economic exploitation. So the American policy was reversed; all question of Philippine independence was set aside and in place of easy-going Harrison, General Wood was made Governor, and the islands remained under the administration of the War Office of the United States. General Wood, who was described as "a man with a military mind surrounded by men more military-minded than himself," swept away parliamentary government and put the Filipinos under the strong hand of Americans.

There was much to be said for the change. The rule of the Filipinos in Harrison's days had been corrupt, as the rule of any people who have been debarred from self-government by successive conquerors

for many centuries is bound to be. The governing class was the middle class, the *caciques*, who were really no more than a clique, for they formed at the very most only 6 per cent of the population. Their main interest was usury and there is no doubt that they oppressed the peasants. Furthermore they were Roman Catholics and had no sympathy for the Moslems who inhabited the southern islands. It is certain that the *Moros* (Moslems) were glad to see the Americans take control again, and it is possible that the inarticulate peasantry preferred American efficiency to the methods of their own *caciques*.

Yet politically-conscious Filipinos were up in arms. Americans had betrayed their trust. Having once tasted the sweets of liberty the *caciques* were not ready to submit to a military dictatorship. The crisis in the Philippines came in 1926, when rioting was breaking out in India, when the Chinese Nationalists were laying hold of the Yangtse, when the Javanese workers were in rebellion against the Dutch. General Wood had little difficulty in putting down the rising. The fair promises of President Wilson's days were repudiated. In December 1926 General Wood expressed the new American policy in a few brief words: "Philippine problems are part of America's Pacific problem, which concerns not only the Philippine Islands, but also America and other Powers. Its solution can never be achieved by the chatter of agitators. It is not a one-man job, but must be worked out, not only in accordance with the wishes and interests of the Filipinos, but of other countries. When her task is done, America will say so. Until America says so, her task is unfinished. We are now opening the gates of a new era, an era of economic expansion for the Philippines. Political independence cannot survive until complete economic independence has been achieved."

This remained the attitude of the United States until the economic depression came to make Philippines' sugar and labor a drug on the American market, and American holdings in the Philippines an unprofitable investment. Congressmen now felt that the less responsibility America had to bear for the Philippines, the better. In this mood a bill was passed in 1932 to give all the islanders total independence by the year 1946. This Independence Bill was vetoed by President Hoover, but it came forward again and was signed by Roosevelt. In 1935 the Commonwealth of the Philippines was launched on the understand-

ing that it would attain complete nationhood after a trial period of ten years.

No sooner had the United States begun to wash their hands of the Filipinos than the waters were troubled by Japanese aggression in China. The Filipinos began to ask themselves if they had not jumped out of the American frying pan into the Japanese fire. Their leaders pressed Washington to retain and develop its naval bases in the islands. Nationalism for the Filipinos had come to mean reliance on, instead of resistance to, the United States.

The Far East is in revolt. From Bombay to Manila, from Peking to Batavia, the standard of Nationalism has been raised in the post-war decades. Every year has seen a clearer realization among white men that the trade of the East is necessary to European prosperity, every year has seen a clearer realization among the yellow races and the brown that self-government is the only condition on which they can continue to trade with the West.

The center of the revolt is China. If the Western Powers can combine to help the Chinese in their efforts to establish a firm Government and to set up industries of their own capable of raising the standard of living, so that the Chinese can buy and sell from the West on terms of mutual advantage, then a new era will begin in which the two great culture groups of the world, the East and the West, while preserving the vital characteristics of their own civilizations, will exchange their material products and their spiritual and moral conceptions, to the world's immeasurable benefit.

If! The Western Powers had their golden opportunity to help China in 1931, when Japan invaded Manchuria. Now, perhaps, it is too late.





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## PART FIVE: AFRICA

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## I · FRENCH AND ITALIAN COLONIES

A CENTURY ago Africa except for the coastal regions was unknown to the West. Not till the latter part of the nineteenth century did the industrialized nations of Europe become aware of the possibilities of the continent as a source of raw materials. And then began the grab for Africa which achieved, by 1918, the subjugation to white rule of every country from Morocco to the Cape — with the insignificant exceptions of Liberia and Abyssinia. There was a great deal of talk about the White Man's Burden and his responsibility for bringing sweetness and light to darkest Africa, but the real motive was the exploitation of African men and raw materials in European interests. Most of the imperialist powers were quite frank about this. The Governor General of the Belgian Congo issued a Circular in 1906: "In annihilating the prestige and authority of the native chief, this policy ends in leaving the State face to face with a population freed of all social liens and without any attachment to the soil" — in other words, a huge black proletariat. Portugal partitioned her Southeast Africa among four concessionaire-companies who became proprietors of the land and of the natives. The Germans held a Colonial Congress in 1902 and made a definite statement of their African policy: "The Colonial Congress thinks that, in the economic interests of the Fatherland, it is necessary to render it independent of the foreigner for the importation of raw materials and to create markets as safe as possible for manufactured German goods. The German colonies of the future must play this double rôle even if the natives are forced to labor on public works and agricultural pursuits."

As a matter of fact, the German bark was worse than its bite. The Germans in Africa were fair, efficient and comparatively popular; they maintained public medical and other services, upheld peasant proprietorship and worked largely through native officials. In 1914 it was Germany who proposed that Africa should be excluded from the theater of war and the Allies who ignored the proposal. In the Cameroons, in

German Southwest Africa and in German East Africa white men led blacks to fight against each other; "In four years, more African natives had been killed or died of disease as a result of a white war than in forty years — perhaps a century — of the old primitive warfare of the blacks."<sup>1</sup> Meanwhile private arrangements were made among the Allies for the partition of Germany's colonies among themselves.

*Three Methods of Government.* After the War the imperialist powers began to see the African problem in a new light. Humanitarian sentiment demanded that something should be done for the good of the natives and so, at the Peace Conference, though the Allies took Germany's old colonies, they took them not as annexations but as Mandates, agreeing in the League Covenant that "in those countries there should be applied the principle that the well-being and development of such peoples form a sacred trust of civilization." It was on this understanding that France accepted a Mandate for Togo and Cameroon, Great Britain for West Togoland, for Western Cameroons and for Tanganyika, and the Union of South Africa for land that had been German Southwest Africa.

For economic reasons too the white exploiters of Africa were beginning to realize that the natives' interests should be considered. Forced labor is the most wasteful of all forms of labor. If the native is to become an efficient laborer he must be trained, given some education and decent living conditions. But if the native is given some education he will begin to insist on managing his own affairs, and the way he manages his own affairs may not be always in the immediate interests of the white man. There lies the problem.

It was the same problem that had faced capitalists a century ago when the industrial revolution was in its first throes in Europe. Employers had found that untrained workers living on the starvation line were inefficient. On the other hand educated well-paid workers were expensive and difficult to handle. Three ways of dealing with the problem were possible. The first was to link the two classes, employers and employed, in a common national spirit which would make them forget their economic differences in fighting for a common political

<sup>1</sup> Professor J. Huxley in *African View*.

cause; this was attempted, not unsuccessfully, by Napoleon. The second was to give the employees education and a measure of control of their own affairs in such a manner that they would realize that the interests of the two classes were not contradictory but complementary; this was the Liberal, Social-Democratic ideal. The third was to isolate the two classes still further, securing obedience by denying political rights to the employees, and efficiency by granting them a little purely vocational training and some concessions in the matter of wages; this was attempted wholeheartedly in Tsarist Russia and half-heartedly in West European nations.

In Africa all three solutions were attempted in the postwar period. France tried the first—the system of Direct Rule—offering the right of French citizenship and the duty of military service to her African subjects. Great Britain, in such of her colonies as were unsuited to white settlers, tried the second—the system of Indirect Rule. In colonies suitable for white settlers Great Britain and the Union of South Africa applied the third—which in its African aspect may be called Settler Rule. Italy, however, with less experience of colonial administration, reverted to the crude nineteenth-century method of conquest and exploitation.

*The Sarraut Plan.* The French became suddenly aware of the possibilities of their Colonial Empire during the World War. Before the war Frenchmen knew vaguely that they held Africa from the Mediterranean to the Niger, and Madagascar and the Antilles and Indo-China, but they regarded these colonies as a nuisance—an outlet for French heroism perhaps, but an inordinate drain on French finances. The war brought the Empire home to France. Nearly two million colonial troops were raised, including 680,000 fighting men. It was realized at last that the Empire had possibilities, and a scheme for utilizing them was put forward by M. Sarraut. "France," he said, "organizing her future on the most powerful foundations, must demand from her colonies and protectorates men for the Army, money to lessen the budgetary expenses, raw materials and products for her industry and commerce, food and exchange." This was the attitude that had guided British imperial policy in the seventeenth century and Japanese in the twentieth. In detail M. Sarraut's scheme worked out as follows: "The

colonial world was roughly divided into groups, each of which was assigned a certain range of products and provided with facilities for an intensive and extensive development . . . West and Central Africa had to give oils and timber; West Africa had also to follow the Gold Coast in providing cocoa and had to stress cotton in the Niger Valley: North Africa had to concentrate on foodstuffs and phosphates: Indo-China in addition to its rice was to provide cotton, silk and rubber: Madagascar had to give meat and grains, and the Antilles sugar and coffee. The products of each were to go into the great national pool. Work was apportioned so that it would produce the maximum result, and, really, the whole Empire was to become a huge factory using every device of industrial specialization.”<sup>1</sup>

The success of the Sarraut scheme obviously depended on two factors: the willingness of the natives to co-operate, and the willingness of the French Government to invest huge sums in the colonies.

First the willingness of the natives. The French made every effort to get on well with the Africans. Their Civil Servants studied not only African languages but African anthropology and religion in the *École Coloniale* before they went out. Once in Africa they made no attempt to form a class apart; they felt it in no way ignominious to “go native” and to share their social life with the people of the country. “The ideal of the best French administrators,” according to Toynbee, “was to make it possible for any individual African, who gave proof of capacity, to participate in Western culture to the fullest extent of his powers. Generously free, as she was, from prejudices of race and religion, France was willing to open her doors wide to every stranger, whatever the colour of his skin, who was able, in the spiritual sense, to stand on French soil.” The primitive peoples of West and Equatorial Africa responded quickly to this treatment. Their tribal organization was weak, their traditions dim; they were flattered by the Frenchman’s interest in them, flattered by his marrying their girls, amused to play at adopting his way of life and at fighting in his army. It did not seem out of the way to them that they were subject to orders from Paris—the French Civil Servant was subject to the same orders.

<sup>1</sup> S. H. Roberts in *French Colonial Policy*.

They were offered citizenship in the French nation, and though very few of them took advantage of the privilege, they were pleased by the offer.

*Algeria and Tunisia.* In Algeria also there was a widespread willingness to co-operate with the French. Algeria is France's oldest colonial possession. Ever since 1830 Frenchmen had been coming out as permanent settlers, and in the postwar period they numbered over a million—a fifth of the total population. The Algerians—Arabs, Berbers and Jews—were encouraged to think of themselves as French; they adopted French customs and spoke the French language. A naturalization law of 1919 offered them French citizenship, an act of 1921 allowed them a share of local self-government. Algeria ranked, not as a colony, but as three departments of France; she sent ten deputies to the Paris parliament, and, although in 1938 these were all Frenchmen, there was every probability that after the elections of 1940 Arabs and Berbers would be sitting next to Parisians in the Chamber.

Algeria was France's greatest imperial success. The Algerians were the only Moslem people in the world to be content to identify themselves with a Western Power. There were economic difficulties: agriculture did not prosper, and exports dwindled after 1920; but Algeria was quiet.

The situation was very different in the neighboring colony of Tunisia. Officially Tunisia, which had come under French influence a full half-century later than Algeria, was not part of France and not even part of the French Empire. It was an independent Moslem State under its own Bey, and France's hold was maintained, not through her Colonial, but through her Foreign Office. Consequently Tunisia proved less attractive to French settlers and the Tunisian Moslem less amenable to French influence. Until 1914 French colonization proceeded smoothly, but during and after the war the Egyptian Nationalist Movement found an echo among the Tunisians. In 1920 they demanded universal suffrage and equal rights with Frenchmen. The French were in a difficult position. They had only 54,000 settlers in Tunisia and did not dare to come to blows with the natives, particularly because there were no fewer than 85,000 Italian settlers, and Italy was waiting to make France's misrule in Tunis an excuse for intervention. So France



hastened to meet the Nationalists halfway, setting up economic councils (in 1922) through which natives could co-operate with Frenchmen in the agricultural development of the country. Gradually the talk of economic boycott and the anti-French manifestations in the streets died down and France could breathe again. Direct Rule had not been established in Tunisia, but through the new councils natives and colonists were finding that they had at least economic interests in common.

French policy in West and Equatorial Africa might have been an unmitigated success if money had come from Paris for the grandiose schemes of public works and economic development. But it did not come. The reason for this was partly the traditional reluctance of the French to pay taxes, and partly the surprising and inordinate bill which was presented by certain of her colonial enterprises.

*Lyautey and Morocco.* It was Morocco that was bleeding France white. From the beginning it had been a difficult conquest. Germany had opposed French expansion there and the local tribes and the mountain barriers made penetration slow and difficult. In 1914 France seemed to have decided upon the evacuation of Morocco; the Government ordered Lyautey to send back two thirds of his force and to retire to the coastal region: "The fate of Morocco," they said, "will be decided in Lorraine." But Lyautey had the Nelson touch; he sent back the men he had been asked for, but instead of retiring to the ports he left the coast undefended and sent his depleted forces up to the mountains to press the offensive against the tribes. The bluff succeeded: the ports were not attacked; in the settled zone natives and French civilians got on well together; and Lyautey subdued the hinterland as far as the Middle Atlas. The war in Morocco cost a great deal of money but perhaps it was not ill spent, for Morocco in 1919 was more settled than it had ever been.

Lyautey, like all soldiers of genius, knew the limitations of military force. His object in Morocco was not conquest but pacification, not the subjection of the people but the orderly development of their ordinary economic life; "Our enemies of today," he often said, "are our collaborators of tomorrow." The forts and garrisons he established were not strongholds against the Moroccans but strongholds for them,

market-places where orderly trade could be carried on without fear of raids from hill-tribes. His conception of the Moroccan Protectorate was nearer to the English idea of Indirect Rule than to the orthodox French policy of centralization and assimilation. "The Protectorate," said Lyautey, "means the economic and moral penetration of a people, not by subjection to our force or even to our liberties, but by a close association, in which we administer them in peace by their own organs of government, and according to their own customs and laws."

It was not Lyautey's fault that France in 1925 became involved in a new and more terrible war in Morocco. The fault was Spain's. France's western zone of Morocco marched with the Spanish zone. The inhabitants of this mountainous country on both sides of the border were not Arabic-speaking Moroccans but Berbers, members of a white race which had never been assimilated to Western or to Arabic culture. Superficially they were Moslems, but they had no use for Islamic law or for Arabic, the language of the Koran. Lyautey had outlined a separate policy towards the Berbers, intending to preserve their particular organization and their Berber language. The Spaniards took a simpler line — their ideas of colonization had not changed much since Cortes trapped Montezuma and conquered Mexico; they set out with all the King's horses and all the King's men to storm the Berbers' fastnesses in the Rif mountains. This policy exacerbated Berber Nationalism. In 1921 the Rif rose against Spain and broke Spanish domination over the zone. Expedition after expedition was sent from Spain and shattered itself against the resistance of the Rifis. Berber Nationalism spread to the French zone and in 1925 the Rif declared itself an independent State.

The story of the Rif war of independence will be a *pièce de résistance* for some romantic historian. The untamed tribesmen who had defied the onslaughts of Islam and Christendom throughout the centuries, the towering mountains among which they fought, their leader Abd-el-Krim who made them more than a match for the combined forces and modern weapons of France and Spain, the English captain, Gordon Canning, who took up the cause of Rif independence as ardently as Lord Byron had espoused the cause of Greece a hundred years ago — it is the stuff that films are made on. Of course the Rifis lost; Abd-el-

Krim surrendered to the French in April 1926. But the rising was not without effect: the Spaniards began to apply Lyautey methods in their dealings with the Rifis. As for France, she had lost more money in the war than her taxpayers cared to contemplate. Paris tightened her purse-strings and every French colony suffered for the costliness of military expeditions in Morocco.

Meanwhile Lyautey had resigned and a less dynamic administrator was sent to consolidate his economic gains in Morocco. On the coast, in the plains and the Atlas foothills there was peace and security, roads were laid down (there were 3000 kilometres of roads in 1926 compared with 18 kilometres in 1913), and the port of Casablanca was extended to deal with 70 per cent of Morocco's export trade. Morocco began to pay the cost of its own internal administration. But it was the French taxpayer who had to foot the military bill; and that meant that there was no money for the Sarraut scheme.

France failed in her attempt to make her African possessions an economic hinterland of Paris. The unrest in Tunis and the constant wars in Morocco made those regions increasingly unattractive to the type of French settler who might have developed their resources most profitably. West and Equatorial Africa, starved of capital, developed only very slowly. In spite of the rapturous enthusiasm for the *Exposition Coloniale* held at Marseille in 1922 and the rather less rapturous enthusiasm for the *Exposition* at Paris in 1931, scarcely one tenth of French imports were coming from the colonies; and each succeeding year showed France less and less able to devote money to colonial development.

*Mussolini and Abyssinia.* It might have been imagined that the French failure in Morocco would have deterred less experienced imperial Powers from similar African experiments, but Mussolini imagined that his Italians could succeed where other Latin colonists had failed. He had no grounds for this. Italy's ventures in her African colonies of Libya, Eritrea and Somaliland had cost her financiers nothing but loss and her administrators nothing but disease. Their exports amounted in 1934 to less than two million pounds and their imports to seven million pounds, and the number of Italian immigrants was no more than 36,000. Mussolini, however, was not the man to learn from any ex-

perience except his own. He had set his heart on winning an African empire and had marked as his prey the vast Ethiopian provinces whose first Emperor had slain 6000 Italian soldiers with such ignominy back in 1896. He decided as early as 1933 that October 1935 was to be the date for the invasion (see page 80) and proceeded to prepare the ground by methods which other Imperialists had tried with success in a less enlightened age.

Mussolini's first means of preparation was to send Consuls to parts of Ethiopian territory where there were no Italian nationals and to settle them in what was known as consular territory with a guard of some hundreds of armed men. This gave Italy a stake, so to speak, in the country. The second means was to encourage native chiefs to abandon their loyalty to the Ethiopian Emperor. In this he had little difficulty. Haile Selassie had been attempting to humanize and modernize his scattered provinces. Both these activities involved a curbing of the powers of the feudal chiefs and some centralizing of the administration. The chiefs were apt to resent Haile Selassie's reforms, and one of them, his own son-in-law Ras Gugsa, a drunken governor of Tigre, lost no time in joining the Italians. The third method was to manufacture an "incident" which would serve as an excuse for an invasion. The place chosen was Wal-Wal, a watering place in the Ogaden desert, some fifty miles within the Ethiopian frontiers. There, some 150 Italian native troops were insulted and threatened by Abyssinian soldiers until, on December 5, 1934, two Italian tanks and three airplanes drove the Abyssinians away.

From that moment old methods were abandoned and new ones adopted by both sides. Haile Selassie reported Italian aggression to the League of Nations on January 5, 1935, and followed this up by appealing to the League for protection under Article Sixteen of the Covenant. For the attitude of the League and of France and Britain, see page 444. Mussolini's new methods were more realistic. He invaded Abyssinia at the beginning of October without any declaration of war. By the end of the month he had 200,000 white troops and 60,000 armed natives on enemy territory, against whom Haile Selassie could put an Imperial Guard of 40,000 trained men into the field and perhaps 100,000 feudal levies, who were totally untrained, unarmed except with old rifles or spears, and unequipped except with enough corn to last

a few days. Italian arms, on the other hand, were quite new. They included, as the campaign went on, 317,000 shells, over 400 airplanes and many tons (according to the Suez Canal Company's returns) of crude mustard gas, a weapon forbidden by international conventions bearing the Italian signature.

The use made of these weapons was also novel. Marshal Badoglio, who replaced the aged De Bono, saw to it that the brunt of the fighting was borne by native levies while the more valued Italians were kept in the rear. The airplanes were used largely to bomb villages which had been deserted by all except women, children and the infirm. They were also used to spray mustard gas, with quite remarkable results. Another new feature of the campaign was the premeditated bombing of Red Cross units, particularly the American Adventists and the Swedish and British missions.

The Abyssinians might have postponed defeat if they had held their fire and confined themselves to raids on Italian communications, but these tactics would have involved a higher discipline than existed among the Emperor's subjects. Instead they attempted frontal attacks and were repulsed.

In May 1936 Badoglio entered Addis Ababa in triumph. The war now officially ended and the work of colonization began. Perhaps it is not surprising that progress was not rapid. After eighteen months' occupation, according to the *London Times* (8 October 1937):—

With the exception of the bigger towns and the provinces where the means of communication are such that military aid can be secured quickly in cases of emergency, Abyssinia is governed by Abyssinian chieftains who carry on guerilla warfare against the Italians, harassing them at every opportunity. . . . No cereals have yet been cultivated in an effort to meet the needs of the country. Whereas before the Italian occupation millet was being exported from Abyssinia in large quantities, it is now imported into the country *via* Jibuti. The Abyssinian population have almost entirely abandoned their lands, and agriculture is a thing of the past. At present there is a scarcity of Jimmah and Sidamo coffee, though these provinces formerly had the biggest production in Abyssinia. The morale of the Italians is not high, in view of the privations and difficulties they have to face. Another considerable handicap for the Italians is, of course, their lack of capital. Their financial embarrassment is evident.

A year later it was even more evident. Outside the territory immediately surrounding Addis Ababa and the Massawa road, the Italian writ did not run. Beyond a cement factory, there were no Italian industries. Except for the military and the labor corps, there were no Italian settlers. Much was expected from the Italo-British Pact as a harbinger of loans from London, but the pact was not signed until November, 1938, by which time there were still no considerable financial resources at Mussolini's disposal for the development of his East African Empire. In a word, the Italians cannot yet be taken seriously as colonists. They have a long apprenticeship to serve.

## II · BRITISH COLONIES AND MANDATES

THE British idea of colonies is diametrically opposed to that of the French. The French Empire is one single organization, the aim being to make each colony as soon as possible into a French *département*. The British Empire is a number of different organisms, the aim being to make each colony a separate society, with a spirit and a life of its own. To French colonial statesmen unity means uniformity, to British it means co-operation between individual organisms. On the political plane the French method had meant centralization, the British method de-centralization, control being left to the Englishmen on the spot. On the economic plane the French method has been to subordinate the colonies' interests to those of France by means of tariff control, while the British have been more inclined to consider the economic interests of each individual colony. But the interests of the colony do not always mean the interests of the native Africans. Britain's grab for Africa gave her many districts suitable for white settlers, and in these districts the interests of the colony have been taken to mean the interests of the settlers.

*Three British Protectorates in South Africa.* Let us take the unsettled areas first. Half a century ago Great Britain extended her official protection to three areas in the south of the continent: Basutoland, Bechuanaland and Swaziland. When the Union of South Africa was formed these Protectorates remained under British rule though they were surrounded by the territory of the South African Dominion. The British policy was then to preserve the authority of the native chiefs and to leave the tribes to find their own way towards civilization; and this policy has remained the same to the present day.

Basutoland is inhabited by one single Bantu tribe numbering half a million people who hold, on an average, fifteen acres each. The land is divided into strips and held on village custom as was the case in early medieval England. The ruler is the Paramount Chief, who is

aided by a National Council to which he appoints ninety-five members and the British Resident Commissioner appoints five. This British official exercises no interference in native affairs, though he imposes a tax to pay for roads, schools, hospitals and the expenses of his administration. The tax was twenty shillings per hut until 1920, when the Resident Commissioner, in face of spirited opposition by the National Council, raised it to twenty-eight shillings. A tax is also levied on polygamy, a man being obliged to pay twenty-five shillings for every wife after the first. In 1927 an additional tax of three shillings per adult male was imposed to provide more schools.

In Bechuanaland the position is much the same, except that there are many distinct tribes and also enough white settlers to justify the formation in postwar years of a European Advisory Council. The British exact a tax, — twenty-five shillings until 1932, when it was raised to twenty-eight shillings, — but the native chiefs have the right to collect additional revenue on their own initiative. (In 1930 Chief Tshekedi of the Bamangwato demanded the payment of an ox from each of the tribesmen to defray the expenses of his journey to England.) The natives are satisfied with the Protectorate and dread nothing more than Great Britain's surrendering it and handing them over to the Government of the Union of South Africa. The British exercise a minimum of interference, though an unfortunate exception to this policy was made recently when an Acting Commissioner rushed armed marines and howitzers in Chief Tshekedi's territory to punish him for having flogged a white settler for dissolute behavior.

In Swaziland the position is complicated by the presence of a greater proportion of white men who between them own two thirds of the land. But here too the policy of the British has been, on the whole, to preserve the authority of the native chiefs and the maintenance of their traditional tribal customs. British protection has saved the three native countries from tribal war. It has had only one seriously evil consequence. Under the *Pax Britannica* the native population has increased rapidly — in Basutoland it doubled itself in the first twenty-one years of this century — and the land is not fertile enough to support the people by existing methods of cultivation, let alone to raise the surplus necessary for the increased taxation. Large numbers of men have to leave their villages and *stads* every year to work on the farms and mines of the

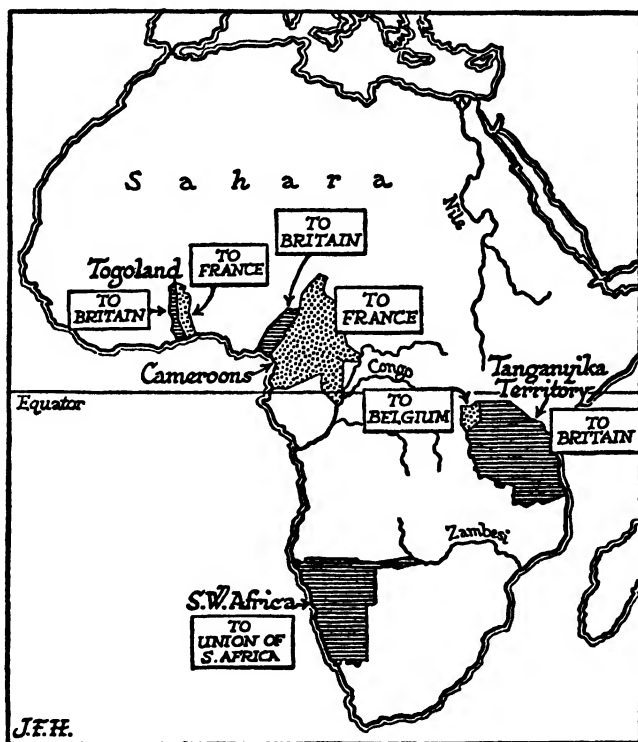


South African Union. Here they come into contact with foreign manners and ideals and on their return bring immorality and discontent into their home society. Great Britain is faced with the alternative of spending money on improving the primitive agricultural system of the Protectorates or of allowing the menfolk to merge more and more into the proletariat of the Union. In either case it will mean more interference with the lives and tribal customs of the native. At last it is being realized that exercising a Protectorate must involve positive as well as negative action.

*Indirect Rule in Nigeria and Tanganyika.* A more dynamic interpretation of Indirect Rule was applied by Lord Lugard in Nigeria before the War of 1914. He left the native system of government intact and used British officers as advisers and co-ordinators rather than as rulers. He laid heavy restrictions upon non-natives, particularly with regard to their right to acquire land. But he set himself to cure inefficiency and economic stagnation and succeeded so well that there was a revival of the sense of communal responsibility among Nigerians and a most rapid increase in agricultural production and in commerce. In 1918 the British Government made its last grant to Nigeria; the country was economically self-supporting.

After the War the policy of Indirect Rule as Lord Lugard understood it was extended by the British to their Mandated Territory of Tanganyika. Here the difficulties of its application were much greater. The Nigerians had a developed administrative system of their own, powerful Emirates and Moslem traditions that made for order—at least within the confines of each individual tribe; by comparison the natives of Tanganyika were primitive, their institutions were weak and their tribal discipline had been vitiated by the German system of ruling through paid native headmen, a system under which the native had come to look on his chief as an extortionate agent of a foreign Power rather than the national defender of his own interests. Nothing would have been easier than to impose British methods of government upon the natives, nothing harder than to guide them to re-create their own. Little was done until 1925 but in that year Sir Donald Cameron became High Commissioner and began to apply to Tanganyika the methods which had been so successful under Lugard in Nigeria. "It

must be clearly understood," said Sir Donald, "that the policy of the Government is to maintain and support native rule (within the limits laid down) and not to impose a form of British rule with the support of native chiefs, which is a very different thing." The chiefs were not appointed by the Government: instead the right of each tribe to its



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own hereditary or elected chief was recognized. Taxes were not collected by the Government: instead the native authorities collected their own taxes and paid them into native treasuries; a percentage went to the British Central Government to defray administrative expenses and out of this a sum was refunded to the native chief for the salaries of his own officials. Law was not administered in British courts: instead the native courts were revived in which customary tribal law was administered; the only interference from outside was the right of British

District Officers to examine records and to have sentences revised and causes reheard should they think fit.

The system did not work perfectly; British officials were often officious and the British Council was not always wise in the expenditure of its revenue — it devoted, for example, a huge sum to the building of a Government House at Dar-es-Salaam and neglected the scientific and medical services which had been so well conducted under the Germans. But on the whole it was a success. Instead of destroying the native civilization, British rule had helped it to revive. And an honest attempt had been made to fulfill the terms on which the Mandate had been accepted, namely that "the Mandatory shall be responsible for the peace, order and good government of the territory and shall undertake to promote to the utmost the material and moral well-being and social progress of its inhabitants . . . and shall prohibit all forms of forced and compulsory labor, except for essential works and services, and then only in return for adequate remuneration."

Yet, however honest the attempt to fulfill mandatory terms, the fact remained that the mandate system was founded on a falsehood — a falsehood that the German people were unfit to administer colonies. In 1929 a third of the estates in Tanganyika were owned by Germans, and the Germans made up over a third of the total white population. Yet fifty per cent of the export trade went to Great Britain and less than ten per cent to Germany. Such figures lent much force to Hitler's claim for the return of the German colonies.

There is no doubt that in the system of Indirect Rule the British had found the key to the problem of tropical colonization. Wherever the tribal system exists, the tribe is the natural unit of economic and political organization: on the economic side it apportions tasks and distributes food by methods of primitive communism; on the political side it has in the chief and his council an authority with supernatural as well as with temporal sanction. By preserving the tribal organization the British were able to foster the development of the economic resources of the colony by the natives themselves; by ruling through the tribal chieftains they were able to teach the natives to govern themselves. Indirect Rule was thus the cheapest as well as the safest colonial system. It is not without inherent drawbacks. In many cases the chiefs have become mere autocratic officials, more interested in pleasing

British administrators than with promoting the welfare of their own people. In every case provision is lacking for initiating changes in the system by the people for whom it nominally exists—the governed. And there is an inevitable inconsistency in “attempting to preserve and develop the political institutions of the tribes while their social and economic development are being undermined by contact with European civilization.”

*Settler Rule in Kenya.* The success of Indirect Rule in Tanganyika can best be judged by comparing the condition of the neighboring colony of Kenya. Here there is a belt of high land, connected with the sea by the Uganda-Mombasa railway, which is particularly suited for European settlers. The Europeans do not number many more than seventeen thousand—not more than one to every two hundred native Africans—but the British Government chose to administer Kenya in their interest. The settlers are in Kenya for profit; they can make profit only if they have a large supply of cheap native labor at their disposal and the exclusive right to the best land in the colony. To secure that cheap labor and that land, a series of restrictions were placed upon the native.

First, the tribes were denied all right to the 16,000 square miles of highland and were confined to Reserves where the land was so poor and conditions so cramped that men would be bound to work for part of every year on the European settlements outside the Reserve to earn enough to keep their families in the necessities of life.

Second, the native was denied any voice in the administration of the colony. The Government Council consisted of the British Governor and twenty official members, eleven Europeans elected by the settlers, five Indians, two Arabs and one Christian missionary. The function of the last-named gentleman was to represent the interests of the natives; he was nominated by the British Governor. The composition of this Council was subject to alteration but the changes were in the direction of increased representation of the settlers who, as we have said, were least sympathetic to the Africans.

Third, the natives were heavily taxed and the money instead of being devoted exclusively to native interests went in part to pay for the education of white children and for the provision of medical and

agricultural advice to white settlers. "At the moment, for instance, in Kenya," wrote Professor J. Huxley in 1931, "direct native taxation is in the form of a hut-tax of twelve shillings per hut (i.e. twelve shillings for each adult man *and* each of his wives), or for de-tribalized natives a poll-tax of twelve shillings. Europeans pay a poll-tax of thirty shillings and an education tax of thirty shillings — £3 in all. The Government's expenditure on native education in 1925 is stated to have worked out at about 2¼*d.* per head of native population, while that on white education was over £2 per head of white population."

Fourth, the Government was guilty of a shocking breach of confidence in its treatment of the natives of the Reserves. When the limits of the Reserves were laid down the boundaries were so fixed that the borderland wells lay on the non-native side of the line. The tribesmen protested but the Government reassured them by the explicit promise that in the future no further encroachments would be made. Then gold was found near Lake Victoria, on the Kavirondo native Reserve. The Government promptly broke its promise and threw open the gold area to white concessionaires.

Fifth, the severest conditions were imposed upon such natives as did not live with their tribes in the Reserves. Natives were allowed to occupy and cultivate part of the settlers' estates on condition of giving 180 days' labor in every year to the white men. This squatter system had all the disadvantages and none of the advantages of feudalism. The native was cut off from the tribal structure which was the whole background of his social life, and became little better than a slave. It is true that in many cases the settler treated his squatters well, looked after the health of their families and interested himself in their affairs, but that did not alter the fact that the settler's main interest in the squatters was the amount of hard work which he could get out of them.

The interesting thing about Settler Rule in Kenya is that although its motive was profit it did not really pay the settler. His land was excellently suited for crops of tea, sisal, maize and coffee but his capital was scanty, his holdings uneconomically small and his outlook individualistic. Often he was an untrained youth who had come out to find adventure and fortune in the wide open spaces; he found little but hard work and a falling price for his goods on the world market, though he had his reward in being a little monarch of all he surveyed.

Yet the Government showed no sign of modifying the policy as years went on. The Colonial Office made efforts from time to time to restrain the worse extravagances of settler mentality: "Primarily Kenya is an African country," they insisted in 1923, "and His Majesty's Government think it necessary definitely to record their considered opinion that the interests of the African natives must be paramount and if and when those interests and the interests of the immigrant races should conflict, the former should prevail." But nothing was done; the men on the spot saw to it that the interests of the settlers were paramount. "The Government expects every administrative officer," announced the Acting Governor in 1925, "to give all possible encouragement to the labour within their district to work on the lands which have been opened up by the settlers." Native labor was consistently "encouraged" to work for the settlers throughout the post-war period, and the administrative officers became increasingly efficient in keeping natives to their labor-contracts and in rounding up men who deserted to their villages. In 1934 a Kenya Land Commission presented its report to Parliament. Again the most enlightened general sentiments were combined with the most repressive practical recommendations. The report deplored the system of breaking the country up into strictly demarcated Reserves and insisted that more land should be open to the natives. At the same time it insisted that the 16,000 square miles of highland should remain a white man's Reserve in perpetuity; certain lands outside the native Reserve — "C" lands — it suggested should be leasable by Africans, and certain other areas — "D" lands — should be open to Africans and to Europeans alike, but these areas were pest-ridden and unprofitable. In 1938 Settler Rule was still the order of the day in Kenya.

### III · THE UNION OF SOUTH AFRICA

THE same policy of Settler Rule was in force in the Union of South Africa, but here the situation had been complicated by the fact that the settlers were of two distinct and antagonistic races. The first settlers were Dutch, staunch Calvinists attracted to South Africa by the desire to get away from their own impious country and to live an independent life in a land where the heavy work would be done—almost for nothing—by members of another race. In the south they encountered a particularly fine type of African—the Bantu—who fought at first for his independence but succumbed at last to the vigorous methods of the invaders. All might have gone well for the Dutch—in spite of the pressure from English rivals on the coast—had not the discovery of gold and other precious minerals brought tens of thousands of Englishmen to exploit the mines. War followed between English and Boers, and the outcome was the establishment in 1909 of the Union of South Africa, a quasi-independent unit of the British Empire. English and Dutch settlers were left to exploit the mineral and agricultural resources of the Union to their mutual advantage. The basis of the Union's economy was the unlimited supply of Bantu labor.

*British and Dutch.* It was not to be expected that Dutch and English South Africans would fuse immediately. They had different languages, different traditions, and different ideas on the economic future of the Union. The Dutch-speaking South Africans (or rather Afrikaans-speaking, for their dialect has strayed far from the Dutch of the Netherlands) clung to their isolationist ideal, wanting South Africa to become an independent Republic, free of all connection, linguistic or political, with the British Empire; they formed a National Party and found a great leader in the magnificently demagogic personality of General Hertzog. The English-speaking South Africans clung to

the connection with the Empire, all the more strongly because they were in a minority to the Dutch; they had economics on their side for their gold and diamond mines were dependent upon British capital: political isolation for South Africa at that stage would mean economic ruin. The South African Party, as this group came to be called, was lucky in finding two most prominent Boers to lead it, General Botha and General Smuts.

The outbreak of the World War in 1914 brought the issue between the two parties to a climax. Botha wanted to join the Allies, Hertzog insisted that South Africa should be neutral. Botha won and South Africa declared war, but not before a Nationalist rebellion had broken out in the Transvaal and the Orange Free State which Botha had to suppress at the cost of some blood and a great deal of popularity. After this South Africa played a prominent and profitable part in the war. Botha captured German Southwest Africa. Smuts led the Imperial Expeditionary Force in German East Africa and was later made a member of the Imperial War Cabinet. At the Peace Conference a Nationalist deputation petitioned that South Africa should be recognized as a Republic but was told that "this was a matter on which South Africa must first be agreed." The Union's reward for the part she had played in the war was a seat on the League of Nations and a Mandate for Southwest Africa, which, it seemed generally agreed, would eventually be absorbed into the Union.

*General Smuts's Ministry.* On his return from the Peace Conference General Botha died. Smuts, his successor as Prime Minister, had none of his easy charm and natural understanding of human nature. Smuts was a prophet, and not without honor save in his own country. The elections of 1919 left him with a majority of four, and when the post-war industrial boom collapsed pulling down with it the chief South African bank, when the price of diamonds dropped, and the demand for ostrich feathers dwindled and vanished away, the Prime Minister finally lost the support of the country.

At this point a new character appeared on the South African political stage. A number of skilled workers had emigrated from Europe, attracted by the high wages which their skill could command in the Union. But with the decreasing prosperity of South African industry



and the consequent necessity of reducing production costs, employers were showing a tendency to employ Africans at very low wages for skilled jobs. The European artisans formed a party to fight for the exclusion of the natives, and this party, known as the Labor Party, formed an alliance with the Nationalists (who were always ready to keep the natives out of anything); it was this coalition which defeated Smuts and remained in power under Hertzog from 1924 to 1933.

There was no question now of making South Africa a Republic; the Nationalists had to drop that plank out of their platform as the price of the votes of the English-speaking artisans. But anti-British feeling continued to run high. Hertzog replaced English- by Afrikaans-speaking officials whenever he could (since 1915 Afrikaans had been the second official language of the Union). Then gradually Dutch jealousy of Englishmen died down and the desire for secession from the Empire diminished when at the Imperial Conference of 1926 a new definition was given to the status of Dominions: "They are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or internal affairs, though united by a common allegiance to the Crown and freely associated as members of the British Commonwealth of Nations." A definition which was taken by most South Africans, with the notable exception of General Smuts, to imply that the freely associated members could renounce their allegiance if at any time they thought fit to do so.

*General Hertzog's Anti-Native Policy.* The chief task of General Hertzog's Government was to keep the native in his place. In many parts of the British Commonwealth there was some doubt what precisely that place was, but in settler-ruled South Africa there was none: the place of the five million natives was that of hewers of wood and drawers of water for the one and three-quarter million Europeans. Before Hertzog came into office a policy had been put into force respecting the natives which resembles on every point that which we have described in Kenya.

By the Land Act of 1913 the native was forbidden to buy land outside his Reserves. If the Reserves had been adequate this might have been a tolerable restriction, but they were not adequate: 28 per cent

of the land in Natal, 7 per cent of the Cape, 3 per cent of Transvaal and 0.5 per cent of the Free State was not enough for a people who numbered 68 per cent of the population. More than half the native population were left outside the Reserves, landless; two million worked as labor-tenants on white men's farms and three-quarters of a million drifted into the towns to seek their fortunes—with what success we shall see later. The Reserves themselves were overcrowded: the Transkei had a population of a million, and half the able-bodied males had to spend six to nine months of every year away from home, working on farms or in towns to supplement their family income.

In the political system of the Dominion the native had no place. He was utterly debarred from voting in Transvaal and the Free State; in Natal he was allowed to vote if he could fulfill certain conditions, which were so stringent that not more than half a dozen natives were able to comply with them; in the Cape, where a more liberal tradition prevailed, some 16,000 were enfranchised. Five million inhabitants of the Union were thus excluded from rights of citizenship. Their welfare was in the hands of a Minister for Foreign Affairs. An Act of 1920 set up a Commission of three members to advise the Minister, but the Commissions were nominated and had no executive power; the most they could do was to offer the Minister advice and to express their disagreement with Government measures by laying a protest on the table of the House. In the Transkei a certain degree of Indirect Rule was established: native members sat on District Councils and on the Bhunga or Central Council of the Reserve, but control was in the hands of white magistrates, and though the Bhunga had advisory powers as wide as those of any Provincial Council in the Union it did not receive any grant-in-aid.

The ostensible reason for debarring the native from political rights was that he was uneducated, yet little effort was made to educate him. It was estimated in 1933 that 1,100,000 native children were getting no education at all, and whereas the Government was spending £25 13s. 0d. on each of 384,000 European children, it devoted no more than £2 3s. 6d. per head to the education of 300,000 native children. At the same time the natives were heavily taxed—at the rate of £1 per annum for every male over eighteen and an additional ten shillings for every hut—while the Europeans were exempt from taxation until

the age of twenty-one and then were taxed only according to their capacity to pay.

The South African Government was guilty of no breach of promise to the natives as flagrant as Kenya's breach over the Kavirondo Reserve, but it ignored the undertaking that had been made to the British Government during the negotiations over the Act of Union, the undertaking that the new Union would assure to the natives the utmost consideration and the most impartial justice. It further ignored the promise made in 1913 when the Native Land Act was passed as a temporary measure to be followed immediately by the concession of additional lands to the natives; the temporary Act of 1913 has remained without amendment or addition ever since.

It was in the towns and the mining districts that the native's lot was hardest. He came to town in search of employment: he found no official organization to help him to find it and was bound to accept any wage that was offered. In the mines the wages offered were about half a crown a day, paid mostly in kind; and by accepting this the native was legally bound to a mine on twelve months' contract. In the manufacturing industries the average wage for a native was £48 per annum while the average wage for a white man was £248. "The relatively high wages of white artisans," according to the Economic Commission's Report, "are due to, and dependent on, the employment of large numbers of unskilled native laborers; and in this the artisan is typical of the whole white community, who are enabled to maintain a standard of life approximating rather to that of America than to that of Europe, in a country that is poorer than most of the countries of Western Europe, solely because they have at their disposal these masses of docile, low-paid native laborers."

In the long run cheap labor never pays. Even in the short run it did not pay in South Africa. Cut off from the tribal traditions of the social structure to which he belonged and confined to "locations," miserable slums as bad as anything in Europe—the slums of Cape Town are said to be the worst in the world—the town-native tended to lose his innate self-respect. Having no means of absorbing anything but the worst of European urban culture he became a social parasite on the white man, as the white man was an economic parasite upon him. A morbid fear of the natives developed in every class of the white com-

munity. The employer lived in terror that the natives would organize themselves and insist upon better living conditions, as indeed they did when Clement Kadalie, a Nyasaland man, succeeded in founding the Industrial and Commercial Workers' Union. The skilled laborer lived in terror that the natives would invade the skilled trades, though he was somewhat reassured by the Apprenticeship Act of 1922 which, by imposing an education qualification for apprentices, ruled out the natives for whom no educational provision was made. Even deeper was the feeling against the natives among a third group of Europeans, the "poor whites" who had failed to get a living on the land and flocked to the towns in search of unskilled work only to find the labor market glutted with cheap native labor. There was nothing for them but to try to elbow their way into jobs at native wage rates, which meant sinking to the native's standard of living, or to cadge for public or private alms. "The poor whites," according to Professor Macmillan of Johannesburg University, "are nothing more than the 'reservoir' of unemployed to be found wherever Western industrialism has dislocated the old agrarian system." They numbered 300,000—"a fifth of the white population of the Union in permanent absolute poverty, many of them perhaps demoralized beyond redemption." White South Africa was paying dearly for its cheap native labor.

To General Hertzog there seemed only one possible solution to the "native problem." His Dutch ancestry and the interests of his National Party and their Labor allies left him with no alternative; he must enforce with new stringency the old policy of keeping the native in his place. A number of repressive measures were applied in the course of his ministry. The Colour Bar Act of 1926 excluded natives from skilled and semi-skilled occupations in the mines. Employers in every field were encouraged to substitute white laborers for natives, the Government going so far as to offer to pay half the extra cost if provincial and administrative authorities would pay the other half.

For a time it seemed as if Hertzog's policy had a chance of succeeding. The discovery of a new diamond mine on a Government estate in Namaqualand and the platinum boom of 1925 induced a general feeling of optimism. But soon it was seen that the replacement of natives by poor whites was going to prove too costly and public opinion began to turn against the Government. General Hertzog

fought the elections of 1929 on the question of the Native Bills and the National Party polled only 145,000 votes to the South African Party's 156,000. Luckily for Hertzog the constituencies were not on a population basis and he still had a majority of members in the House. The Anti-Native policy was continued, the native franchise in the Cape was restricted, a Riotous Assemblies Bill went through in 1930 and a Native Service Contract Bill in 1932.

*The Economic Crisis in South Africa.* But now an external catastrophe occurred which diverted public attention from the internal anomalies of South Africa's economic system. The World Crisis hit South Africa in 1930. Agricultural prices fell — maize to half, wheat to a quarter of its former price. The plight of the farmers was complicated by successive years of drought and by a positive plague of foot-and-mouth disease — evils which struck the natives in the crowded Reserves even harder than the farmers and killed many thousands of starvation. Diamond prices fell, the great Premier mine closed down and thousands of laborers were thrown out of work. A worse blow came in 1931 when England went off the gold standard: the South African Reserve Bank lost £1,500,000 and South African exporters lost 20 per cent of the funds they held in London.

The burning question now was what to do about gold. The Nationalists took the line that South Africa must keep on the gold standard, claiming that this was the only honest, patriotic course. The South African Party wanted to follow England, pointing out that a drop in the value of currency meant a rise in the value of gold of which South African mines held half the world's supply. The dispute was ended in December 1932 by a run on the banks; £3,000,000 were withdrawn in three days. The Government was left with no alternative but to suspend gold payments.

Hertzog was discredited but not disgraced. He kept his position as Prime Minister by yielding to the popular outcry for a truce to party disputes and in 1933 he called Smuts and five other leaders of the South African Party into his Cabinet. The new coalition found itself in an enviable position. The old dispute between them, Republicanism *versus* Imperialism, had lost its sting with the new definition of South Africa's dominion status. And the finances of the Union were mo-

mentarily in a most flourishing condition, thanks to the rise in the world-price of gold. Now that South Africa was off the gold standard she could sell her gold for what it would fetch, like any other commodity. Millions poured into the treasury in 1933. The mine-owners' profits per ton were exactly double the profits of the previous year. The Coalition levied an Excess Profits Duty upon them and spent their surplus in relieving the farmers by reducing all mortgage rates to a maximum of 5 per cent and by undertaking Government irrigation schemes on the Vaal River.

*The "Native Problem."* Nobody expected that the price of gold would stay high forever. Indeed there was a strong possibility that soon the nations of the world would adopt some currency standard other than gold, in which case that metal would lose the greater part of its value. In any event the Union's gold resources were not inexhaustible, and every year the gold was becoming more difficult and therefore more costly to extract. Gradually South African leaders were being brought face to face with their real problem, which was not how to enrich a few thousand mine-owners on the profits of gold, not even how to subsidize agricultural exports by turning over part of the mining profits to the white farmers and exporters: their problem was how to devise a means by which communities differing widely in race and civilization could live well side by side in a single commonwealth. It was the same problem that faced every non-tropical country in Africa, but the Union was in a better position to solve it than any other. The settler community had experience, which is more than could be said for the settlers in Kenya. They had a great if transitory asset in their precious metals. They had iron and steel and agricultural resources enough for the needs of the whole population, African and European alike, though not enough to be the basis of a large export trade. The native population were not savages; the Bantus have a fine legacy of co-operative tribal traditions.

Gradually it began to be seen that the solution to the problem lay in a policy of, first, developing native traditions on the Reserves, second, in granting the natives security of tenure and some incitement to self-improvement by substituting tenant farming for labor-tenancy on the agricultural estates, and, third, in stabilizing the de-

mand for native labor in towns and mines as a preliminary to raising the wage-level and the cultural level of urban natives to the point when they could begin to consume the output of the local industries and become a complement of, instead of a menace to, white civilization.

In the first direction a beginning had been made in the Transkei, where a General Council or *Bhunga* of natives was administering native affairs. An extension of this idea was envisaged in a Bill of 1935 which talked of establishing a Native Advisory Council to advise the Union Government on matters of native interest. A start in the second direction was made by a Native Trust and Land Act of 1936 by which the Government released a certain area of agricultural land for native purchase. A sum of £10,000,000 was set aside to help natives to buy out the white landowners, and it was suggested that eventually 12 per cent of the land in the Union would be purchasable by natives. But in the third direction no progress was made. Instead, there was a movement to drive the natives out of the towns and to reduce their wages in the mines. A new Nationalist Party arose under Dr. Malan to oppose the Smuts-Hertzog coalition. Ostensibly Malan's policy was "Republicanism, but not necessarily in our time"; really his aim was to win control of the Union for the Afrikaners, who would use it for the unlimited oppression and exploitation of the colored population.

On the surface, then, the old settler-policy prevailed, the policy which the Union had applied with increasing stringency in the postwar years, the policy of segregation by which the interests of five million Bantu natives were subordinated to those of less than a third that number of Europeans. "What in its crudest form does this policy of segregation mean?" asked Jan Hofmeyr in his book on South Africa: "Nothing more than the extrusion of the native from the white man's life, save in so far as he is necessary for ministration to the white man's needs, the setting aside for his occupation of land so inadequate that dire necessity will drive him out to labour for the white man, the refusal to regard him as other than a means to an end, or effectively to discourage his development as an end in itself." Unrest among the native population came gradually nearer and nearer to boiling point, heated by the news of successful revolts against white exploitation abroad and

by friction between their champions and the white political leaders at home. It was a question whether South African politicians would modify their settler-policy before the natural consequences of that policy overthrew them. In 1938 the political leaders showed no inclination towards modifying their policy. They even appeared to have every intention of extending it, for they continued to put forward formal requests to be allowed to take over from Great Britain the Protectorates of Basutoland, Bechuanaland and Swaziland.

The African problem was no nearer to solution in 1938 than in 1918, but the experience of those years had at least shown in what direction the ultimate solution must lie. It could not lie in Direct Rule — the failure of the French to make their colonies pay had made that abundantly clear. It could not lie in Settler Rule — the failure of farmers in Kenya and South Africa and of concessionaires in Portuguese West Africa had proved that. Nor could it lie — as some sentimentalists seemed to think — in the evacuation of Africa by Europeans. Even if the white men were willing to leave, their departure at this stage could mean nothing but increased misery for Africans whose normal way of life had been broken up by European conquest and whose only hope of development now lay in some contact with European civilization; sudden evacuation would be as bad for Africa as the sudden withdrawal of the Roman conquerors was for Britain. It was obvious now that the solution could lie only in some form of Indirect Rule.

This realization had been forced upon Europeans by pressure from three directions. First from the Africans themselves: Libyans had risen in arms against Italians, Tunisians and Moroccans against the French, Berbers against French and Spaniards; a native miracle-worker had tried to rally the Negroes of the Belgian Congo, a Kenya native, Harry Thuku, had agitated against Settler Rule in Nairobi (until he was deported — without trial), Clement Kadalie had founded a native Trade Union in South Africa. Second, from Geneva, where liberal-minded members of the League of Nations Secretariat were able to collect and publish information about African conditions and to prick the conscience of Imperialists with scandals which they might otherwise have kept in their unconscious minds. Third, from the actual experience of the men who were exploiting African resources. They were finding unskilled labor infinitely wasteful and in some parts hard



to obtain. The Belgians and Portuguese in particular suffered from a shortage of laborers and found that the best way of getting men to work was to allow them a measure of Indirect Rule. In 1920 the Belgian Minister of Colonies announced: "We absolutely break with the policy of assimilation, we claim that the native society should freely develop after its own manner, its own nature, its own milieu. We must respect and develop native institutions; not, as heretofore, break them." In 1926 the Portuguese, alarmed by the exodus of natives from their East African dependencies to those of the British, made a similar announcement. In the nineteenth century the exploiters had found African harvests waiting to be reaped, rubber forests waiting to be tapped; forced, unskilled labor was adequate for that. But now that it was a question of conserving the fertility of the land, of planting new forests of rubber trees, coercion was not enough; it paid to cajole the native and to train him.

The problem, then, is how to develop the resources of Africa for the benefit of Africans and of European peoples alike, and the solution lies in some form of Indirect Rule. The task of the European Imperialists is gradually to restore the framework of African society which had been shattered by conquest and gradually to build on to it such elements of Western culture as might prove not to be destructive of African social life. It will be unconscionably difficult: between the clamor of European taxpayers and shareholders for profits and the clamor (which will increase) of Africans for autonomy, the Western rulers of Africa will have a hard furrow to plough. It would be easier and in the short run more profitable to give up all responsibility for Africa and to lend money to some independent African kingdom, on the security of its land, and to let some private company take a million acres or so as a concession and develop it on the plantation system. Which is what the Americans of the Firestone Rubber Company did in Liberia.

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## PART SIX: AMERICA



## I · THE UNITED STATES' GOLDEN AGE

PERHAPS this book should have begun with a chapter on America, for the world during the postwar era was dominated by the United States. It was the intervention of America in the war which made the Allies' victory in 1918 certain, it was the American President's proposals which were accepted by Germany as the basis for peace; in 1919 Central Europe was saved from starvation by American money and in the nineteen-twenties American products and American technique were adopted by the whole civilized world. Even the Bolsheviks who regarded American principles as anathema imitated American methods, bought American models, hired American experts. American culture — such as it was — was carried to every corner of the globe by hundreds of thousands of trippers (for Americans had suddenly found themselves with money and leisure to spare for sight-seeing), by commercial travelers anxious to sell goods and to hire money to all comers, and by American films: more people, it has been said, went to American film-shows than to churches, Christian, Moslem or Buddhist, in the postwar period. Europe was in debt to America. America paid the piper and America called the tune. The piper was High Finance and the tune More Production; the industrialists of the world followed the piper like the children in Browning's poem, and he led them into a cave and they were engulfed in the crisis of 1929.

In this first third of the twentieth century the dominant civilization has been American, as in the nineteenth century it was British, in the eighteenth and seventeenth French, and in the sixteenth Spanish. Yet America has in a sense been apart from the rest of the world. The United States adopted a policy of political isolation and stuck to it throughout the period. In 1919 they refused to join the League of Nations and refused to help towards an international solution of the problems raised by the war. In 1933 they walked out of the World Economic Conference and refused to help towards an international solution of the even more serious problems raised by the depression.

So American history may be considered apart from that of the rest of the world. There are three great questions to be answered: first what made the United States the richest nation in the world, second what was done with those riches, and third how the crash came.

*The Wealthiest of Nations.* The first question is most easily answered. The riches of the United States are natural. She is the greatest producer of raw materials in the world; a third of the world's coal comes from the United States, half the iron and the cotton, three quarters of the corn and the petroleum. The only important raw materials with which she is not endowed are rubber and tin—and we shall see what attempts she made to secure supplies of those commodities. The natural talent of Americans made unparalleled use of these resources, developing a system of transport by rail and road which was second to none, and inventing—it is not too strong a word—a new method of production. Mass-production is an American invention; it was Mr. Ford who first showed that, by producing motor cars in enormous numbers and at a very low price, with workers paid high wages for short hours and a high standard of efficiency, a huge output and huge profits could be achieved.

The war of 1914 gave the United States the opportunity to become the factory of the world. While the other industrial countries were devoting their energies to fighting, the United States stepped into their foreign markets—especially in Latin America and the Far East—and furthermore supplied the industrial nations themselves, Allies and Central Powers alike, with food, clothes and the materials of war. For two and a half years America was neutral, an emporium selling to either side impartially. When the British blockade began to cut off America's trade with the Central Powers there was even talk of war against Great Britain. Later, however, public opinion began to turn to the other side: America after all was an Anglo-Saxon nation—41 per cent of her people were of English and Scottish origin, only 16 per cent were German—and Anglo-Saxon civilization was in peril. At last President Wilson felt safe in assuming that American opinion was with him in declaring war against the Central Powers. Wilson had no immediate intention of sending men to Europe, no intention of shedding American blood; he meant American participation in the

war to be confined to supplying munitions and provisions on a gigantic scale. But Allied statesmen succeeded in persuading him that the war could be won only by American soldiers, and in the United States the declaration of war was followed by a great outburst of idealism — every citizen was a crusader at the end of 1917. So America sent a million and a half men to Europe and had millions more getting ready to cross the Atlantic in 1919.

America was making a sacrifice. She was also making a fortune. When the war began, America owed the world \$3,000,000,000; when it ended, that debt had been wiped out and America had become the world's creditor to the tune of \$10,000,000,000.

*The End of Wilsonism.* Before November 1918 the wave of idealism was spent. The death-roll was surprisingly heavy, and casualty lists made phrases like "the rights of little nations" and "the sanctity of treaties" ring hollow. Wilson was full of such phrases; they were echoed all over Europe and Asia and made Wilson the idol of the outside world. Americans realized with alarm that the world looked to their President to dictate the peace and to them, presumably, for more sacrifices in the European cause. For their part they were singularly unimpressed by the Fourteen Points; and they disliked the idea of their President going to the Paris Conference when his place was at home in Washington. When Wilson returned with the Versailles Treaty and the League Covenant they cheered, but the cheers were not for Wilson but because they had got their President back and could put an end to his policy of intervention in Europe.

The Constitution of the United States puts the President in a strange position. Potentially he is more powerful than any constitutional monarch: he is the head of the executive, he chooses his Ministers and Civil Servants and "with the advice and consent of the Senate" he chooses Judges to fill vacancies in the Supreme Court. But actually he is at the mercy of Congress, and Congress is a difficult body to handle. It consists of two houses. The Senate includes representatives of the forty-eight States in the Union, each State having equality of representation; the result is that the less populous States are over-represented, and the State is always anxious to protect the rights of State Governments against encroachment by the President and his Federal

Government. The House of Representatives includes representatives of constituencies marked out on a basis of population. At the beginning of his term of office the President may expect to command a majority in this house, but since its members are elected every two years whereas Presidential elections are held only every four, he may well lose his support *in medias res*. This fact makes all the more difficult the essentially difficult task of combining the position of national President with that of leadership of a political party. Distrust of the President is the traditional attitude of Congressmen: he must think of the good of the Union as a whole, while they are thinking of the interests of their own particular constituencies, which in a country of the size and diversity of America are of an almost infinite variety and of a seemingly essential incompatibility.

In America, unlike most other countries, the great political parties are not divided along lines of race, class or region, though the Republicans command the support of most big industrialists and the Democrats are always strong in the "Solid South." The distinction lies in their espousal of certain sectional interests and in a difference of emphasis in constitutional theory. The Democratic Party had put Wilson into office in 1913 and had given him another term of office in 1917. Then he was a true embodiment of Democratic ideals. The Democrats were traditionally the party of liberalism; they stood for the rights of the individual against the community and for the rights of the State against the Union. All America was Democratic in spirit in the emotional days of 1917. The other great party, the Republican Party, stood for Americanism, for the business interests of American businessmen. In 1918, the wave of international idealism being spent, the tide turned towards the Republicans. Republicans in Congress had the country behind them when they attacked Wilson's League of Nations for threatening to involve America in the affairs of Europe. Even Democrats disliked Article X of the League Covenant: "The members of the League undertake to respect and preserve as against external aggression the territorial integrity and existing political independence of all members of the League. In case of any such aggression the Council shall advise upon the means by which this obligation shall be fulfilled." Surely this would involve America in wars in future, in un-American wars? Wilson hastened to explain that the

Council could decide on nothing without American consent, since decisions in the Council had to be unanimous. Congress took no notice. They refused to let America join the League of Nations, and the Senate rejected the Treaty of Versailles. Wilson's idealist phrases sounded empty and insincere, as hollow as a revivalist sermon to a man who has lost his faith. Wilson had a stroke; he was an invalid for seventeen months before his term of office ended in March 1921.

*"Hundred Per Cent Americanism."* While Americans were arguing about internationalism and frenziedly repudiating the League—the political offspring which their idealism of 1917 had begotten—another result of that idealism was born almost unnoticed. Prohibition had long been an ideal of puritanically-minded Americans. Even before the war several States had accepted the ideal but there was little chance then of Prohibition being made a national measure. A national Act prohibiting alcoholic drinks would necessitate an amendment of the Constitution, and for an amendment a majority of two thirds in each House of Congress is necessary, and a majority of three quarters of the States in the Union. Such majorities would be impossible to obtain in normal times, but 1917 was not a normal time. The crusading spirit was abroad: America would make the world safe for democracy and the States safe for sobriety. In August the Senate passed by 65 votes to 20 a resolution to submit a Prohibition amendment to the States and by the end of the year the House had passed the resolution and the required majority of two thirds of Congress had been obtained. One by one the States accepted the amendment until by January 1919 three quarters of them had fallen into line and the Eighteenth Amendment became part of the Constitution. In October the Volstead Act was passed defining intoxicating liquor as any containing more than 0.5 per cent alcohol. It is difficult to realize now that Prohibition was passed with no fuss and little debate: no one thought at the time that there would be any difficulty in enforcing it.

The truth is that alcohol meant little to the Americans of 1919 because they were intoxicated by a more potent spirit: they were drunk with xenophobia. They felt that they had been betrayed by their own cosmopolitan blood into entanglements in the continent of Europe. In a frenzy of contrition they asserted their own Americanism, and



what they meant by Americanism was national exclusiveness and the right of the businessman and the industrialist to work unfettered for the prosperity of America. The war-spirit that had been aroused against the enemy in Central Europe turned against the enemy in their midst. The most obvious enemy was the working man who was unpatriotic enough to protest against the increased cost of living by going on strike for higher wages. Obviously he was a Communist, an international Communist intent on wrecking American civilization. The fear of Communism spread ludicrously. Strikes were broken as a matter of patriotic duty. When the Boston police formed a Union the Commissioner expelled nineteen of the leaders; when the police replied by going on strike the Governor of the State of Massachusetts called out the State Guard and declared that there was "no right to strike against the public safety by anybody, anywhere, at any time." And the Governor became the hero of the hour in America; his name was Calvin Coolidge. In January 1920 the Attorney General ordered a raid on "Communists" all over the States. Over six thousand suspects were put under lock and key and the American public felt that it had been saved from a Red Revolution. Even when it was announced that the total number of firearms found on the prisoners amounted to three revolvers, no one felt that the direct action was unwarranted.

The reaction to jingo-nationalism showed itself in a number of other ways. The Ku Klux Klan, a secret society which had been founded to intimidate negroes in the eighteen-sixties, was revived and used now to intimidate electors, juries and administrators in the interests of "pure Americans." The Klan had a membership in 1921 (according to the *New York Times*) of half a million; its enemies were negroes, Jews, Dagoes, Catholics, anyone in fact who was suspected of racial origins that were not Nordic and cultural leanings that were not Protestant; its methods were terrorism by anonymous letter-writing, by boycott, by tar-and-feathering and, in the last resort, by lynching. In its insistence on race purity, in its love of terrorist methods in the name of order, its conspiratorial ritual and torchlight processions, the Klan of America set an example to the Hitlerists of Germany, whose activities ten years later they were so vociferously to decry. It is only fair to add that the great mass of Americans were

shocked by these outrages and eventually succeeded in destroying the Klan.

Nationalism showed itself in an even more ridiculous light in the prohibition of the teaching of evolutionary biology. Darwinism, to some American minds, implied that the negro might evolve into a white man; Darwinism therefore must be suppressed. The State of Tennessee forbade any teacher "to teach any theory that denies the story of the Divine creation of man as taught in the Bible and to teach instead that man has descended from a lower order of animals." When a test-case came before the court at Dayton, the case for the State was pleaded by no less a man than William Jennings Bryan, who had been Secretary of State under President Wilson.

The Federal Government had not of course taken any part in Klanishness or Daytonism but it played its part in the nationalist mania by passing a series of laws which virtually barred the United States to non-American immigrants. The States had been populated by successive waves of immigrants, first English, Scots and Dutch, then Germans and Scandinavians, then Irish, Italians and Balkans, to say nothing of brown and yellow men. As the nineteenth century wore on the Mediterranean immigrants far exceeded the Nordic, and the descendants of the original Nordic settlers in America who had set the tone for the new nation and whose culture was the essence of American culture decided that the time had come to close the frontiers. By legislation passed in 1921 and elaborated in 1924 Asiatic immigrants were shut out of the United States and Latin, Slav and Celtic immigration was severely restricted so as to allow preferential treatment to the Nordics. Between 1924 and 1927 only 165,000 immigrants were allowed in each year and of these the maximum of Russians was set at 2248, of Italians at 3845, while Germany was allowed to send 51,000 and England and Ireland a total of 62,000. Canadians and Mexicans were still allowed to come freely into the United States; they could easily be absorbed into Americanism.

*The Years of Plenty.* The spirit of defensive nationalism which stalked the land after the Armistice made it certain that the Democrats would be beaten at the presidential election of 1920. Wilson and the save-the-world humanitarianism which he personified were anath-

ema now; Americans wanted a Government which would leave them alone to mind their own businesses. So Warren Harding, the candidate of the Republicans, the businessman's party, became President. His policy, a return to what he called "normalcy," was exactly what the country wanted. He called the Washington Conference by which America averted a race in naval armaments and guaranteed for her traders an Open Door in the Far East. He imposed heavy import duties on manufactured goods, thereby making the home market almost a closed preserve for the American industrialist.

Under Harding and his successor the United States enjoyed seven years of unparalleled prosperity. Never was a nation in a better position to get rich quick than America in 1922. By then it had got over the jolt given to industry by the cessation of wartime orders. Moreover it had what amounted to a world-monopoly of the new industries of the age: motor cars, radio and cinema-films. The industrialists seized their opportunity with both hands. In 1920 there were less than seven million passenger cars in the United States; in 1929 there were over twenty-three million—a car for every five inhabitants! In 1920 the total sales of radio companies amounted to six million dollars; the sales for 1929 surpassed eight hundred and forty-two million. The film industry expanded until there was a cinema in every village. The telephone industry expanded until there was a telephone in every private house, in every hotel bedroom. The radiator industry expanded until there was central heating in every city building. The ready-made boot and clothing industry expanded until every negro, every Mexican navvy in the Union had bright shoes and a tight Western suit. The sanitary-porcelain industry expanded until . . .

There seemed no limit to the capacity of Americans to absorb these new mass-produced goods. Whenever saturation point seemed to be approaching the manufacturers let loose on the public armies of salesmen trained in the art of persuasion, or launched a new campaign of advertising to convince the public that what had been considered luxuries were really necessities—radios, telephones, bathrooms, even cigarettes all became "necessities" in the course of a few years. Thanks to salesmanship and advertisement, demand was kept alive; the only limit to a consumer's demand was the depth of his pocket. American industrialists overcame this limitation by teaching the public the hire-

purchase system: there was no need for a man to wait until he earned money before buying what he wanted; he could buy out of his future earnings. And so it went on, the triumphal march of American industry, throughout the nineteen-twenties, till the standard of living was higher in America than anywhere else in the world.

American industry was not confined to the home market. To the undeveloped countries of Africa, Asia and South America (this last market was by far the most important; we shall deal with it in a later chapter) the United States sent their manufactured goods—machinery, stockings, cotton-cloths—buying in return foodstuffs and raw materials—coffee and sugar, silk, rubber and tin. To Europe they sold her own raw materials, cotton, copper, wheat and oil, buying in return—well, there was little that Europe could offer them: a few luxury articles and products of fine craftsmanship such as Americans had not yet learned to imitate; for the most part Europe could only offer securities, a share in Europe's own profits. So Americans came to hold stock in German municipalities, in Polish industries, in Rumanian telephones. Of all the commodities of which America had enough and to spare in the postwar years the greatest was capital. Americans were earning more than they knew how to spend; the banks were loaded with more deposits than they knew how to invest; the Government had amassed a hoard of gold from foreign debts which was worth 4500 million dollars, — far more than they knew what to do with, for they could not let it get into circulation without sending prices sky-high and upsetting the whole economic balance of the country. America was in the absurd position of not knowing what to do with its money. A great deal it threw away in blind speculation—for instance in Florida in 1924–1926, when a rumor started that the coast could become an American Riviera. But soon it was realized that the most profitable use for surplus capital was to invest it abroad. American money poured into China, into South Africa, into South America (here again the investment was largest and had most important consequences) and into Europe. In this way America built up an Empire upon finance, as unconsciously and haphazardly as the British in previous centuries had built up an Empire upon trade.

It was with some justification that Americans in the postwar decade looked down on the rest of the world. They had solved the problem

of production and were enjoying seven years of prosperity the like of which the world had never seen. If their financial Pharaohs dreamed of lean kine, there was no Joseph in America to interpret the dream.

There were blots on the escutcheon of prosperity. The worst was in the Middle West, where the corn belt stood out like a bar sinister. The farmer did not share in the postwar prosperity. During the war self-interest and patriotic duty had led him to increase production: he had bought more land and more machinery, paying high wartime prices and incurring heavy mortgages, and he made a fair, not to say exorbitant, profit. Then after the war the price of agricultural products dropped (in 1919 wheat fetched \$2.14 a bushel, in 1923 only \$.93) and the farmers' costs rose higher than ever with heavy freights, heavy taxation and interest on heavy mortgages — farmers' mortgages reached the sum of 4000 million dollars in 1919.

There was a bad blot too in Washington itself during Harding's term of office. Harding was a good-natured nonentity who filled the Government offices with his nondescript friends. He made Charles R. Forbes Director of the Veterans' Bureau, in charge of the administration of war pensions, and Forbes succeeded in wasting 200 million dollars of public money before he was sent to prison. He made Daugherty Attorney General; nobody can guess what Daugherty cost the public before he was dismissed. The worst scandal of all was connected with oil. The United States Navy had bought three great oil Reserves — enough, it was thought, to supply the Navy with fuel for all time — one at Elk Hills in California, a second at Buena Vista, and a third at Teapot Dome in Wyoming. Harding was persuaded by Albert B. Fall, his Secretary of the Interior, to take these Reserves out of the hands of the Navy and to put them under the department of the Interior. Then Fall leased Elk Hills to a private operator called Doheny and Teapot Dome to a private operator called Sinclair. The reason given was that the oil was being drained away from the Reserves by the drilling of wells by private companies just outside their boundaries; development of the Reserves would stop the drainage and would ensure that a store of oil was always ready in tanks for the use of the Navy. But this did not explain why Sinclair's offer and Doheny's had been accepted without calling for competitive bids; it did

not explain why the royalties to be paid to the Navy were so very low. Still less did it explain why Secretary Fall had accepted a "loan" of \$260,000 from Sinclair and a "loan" of \$100,000 from Doheny.

Before these scandals came to light Harding died, with suspicious suddenness, in August 1923, and was succeeded by Calvin Coolidge. The new President kept his predecessor's Cabinet, but he was forced by public opinion to make some inquiry into the oil scandals. The Secretary of the Navy thought fit to resign. Secretary Fall was found guilty of taking a bribe and was condemned to prison—for a whole year. As for Doheny and Sinclair, they were acquitted (though in 1929 the latter was sentenced to a term of imprisonment for contempt of court). The leases of the Teapot Dome and Elk Hills Reserves were declared void—but not before they had run for some years—and the private drillers whose activities on the borders of the Reserves had started the trouble were allowed to go on draining the oil from the naval estates. The full depth of iniquity to which Harding's administration had fallen was never disclosed.

Corruption was not confined to high places; it was to be found all over America wherever the Prohibition laws were in question. Congress had imagined that their enforcement would be easy and had set aside a paltry few millions for that purpose. A minute's thought might have convinced them that it was not enough to shut the saloons, that enforcement would mean policing every mile of America's Atlantic and Pacific coasts and every mile of the Canadian and Mexican frontiers, would mean inspecting every chemist's shop where alcohol was on sale for medical purposes and every factory where it was being produced for industrial purposes, supervising the breweries which were still allowed to brew near-beer, to say nothing of preventing the installation of distilling plants—which cost only a few hundred dollars—in private houses. In other words Prohibition was impracticable unless the nation as a whole wanted it. A large majority had voted for it—just as large majorities in England always vote for a puritan Sunday, because puritanism is in the Anglo-Saxon blood. But the great majority of Englishmen break the Sabbath. The people of the United States never for a moment co-operated with the Government in the enforcement of Prohibition. The States with few exceptions were apathetic; municipal governments were openly anti-Prohibition; pri-

vate citizens became attracted to alcoholic drink, as adolescents are to smoking, by the very fact that it was not allowed. Drinking became a snobbism of the richer classes; evading the Prohibition laws became a sort of national sport. The Government was powerless. The Treasury Department organized in 1925 a militia costing 20 million dollars a year to enforce Prohibition, yet the Assistant Secretary had to admit that not more than five per cent of the liquor smuggled into the country was intercepted by his agents.

The contempt into which this one branch of the law had fallen encouraged contempt of the rest. The underworld of America, having come into the open to make respectable fortunes out of bootlegging, stayed in the open to intimidate juries and officials and to hold tradesmen to ransom. In 1927 a new word came into the American language, the word "racket," meaning the extortion of money under threat of violence. Murders and daylight robberies were reported in the papers as regularly as stock-exchange quotations and such was the hold that the gangsters obtained on the public that their conviction on a charge of manslaughter or felony could rarely be obtained, and if they were condemned at all it was for the venial sin of having falsified their income-tax returns.

The only accused persons who were sure to be convicted in American courts were the negroes. In American eyes the black population — which amounted to over ten millions, nearly a tenth of the whole population — was a worse blot on their civilization than a poverty-stricken corn belt, a corrupt Washington and gangster-ridden cities. The negro was allowed virtually no political rights. Courts condemned him on his color alone, often he was lynched without the pretense of a trial; in the South he dare not vote, he dare not so much as look at a white woman in public. In the old days the negro had been confined to the Southern States but the postwar prosperity had brought him North to work in the ever-expanding factories. Whole quarters of the big cities came to be occupied by negroes, yet the white Americans continued to ostracize and oppress the colored man, preferring not to realize that the time would come when the colored minority would stand up for its rights in "the most democratic nation in the world."

There were serious blots, then, on the escutcheon of United States

prosperity in the nineteen-twenties. But nobody thought for a minute that they were serious. Farmers were always grumbling; the crime-wave was disgraceful, of course, but every nation had had a crime-wave after the War—it was natural enough; and as for politicians and their like, they would be fools if they did not make money when money was offered to them. The outstanding fact about the America of the postwar decade was its mood of buoyant optimism. There was nothing wrong with the System—how could there be when America was richer than ever before, richer than any nation in the world had ever been before? A few moralists pointed out that riches do not make happiness; writers such as Lewis, Dreiser, Mencken, Nathan, Lippmann—many of them with German-Jewish names—satirized the America of the twenties, but who could take them seriously? Foreign critics accused Americans of having mistaken comfort for civilization, reminded them that they had produced no art—their artists had to come to Paris before they could work; no music—except jazz and the inspiration for that had come from the negroes, the one element in their heterogeneous population whom Americans were united in ostracizing and repudiating. America laughed. Of course she had no civilization in the European sense; that was a product of maturity, even of senility. America was a young people. Fifty years ago her problem was still that of wrestling with the land, of taming the primeval forests and plowing the desert into cultivation. She had made her trial of strength and she had triumphed; she had tamed the elements and had harnessed them as no other people before; she was the richest nation in the world, and that was enough.

*Betting on Prosperity.* Such was the mood of America in 1927. Business was good; no one asked for anything more than that it should continue good. When Coolidge's term of office came to an end and he declined to become a candidate again, the Republicans nominated his Secretary of Commerce who, since commerce was the most prosperous branch of the whole tree of American prosperity, should be the man for the future. The Secretary, Herbert Hoover, was a good administrator, an eminent engineer, and had the additional advantage of having an international reputation—he was in Belgium after the Armistice, where he had administered the American relief funds which



did so much to save that country from starving. The Democrats, as usual, were undecided whom to nominate. It is almost impossible to find a candidate acceptable to the antagonistic elements of the Democratic Party. The Southern States were prepared to back McAdoo, a son-in-law of President Wilson; the Eastern States had a popular candidate in Alfred E. Smith, the capable Governor of New York. After no less than 103 divisions the party adopted Smith.

The country looked forward to the election with confidence. Whoever was elected, nothing very drastic could happen. In any case they were in for another decade of prosperity. Americans were prepared to bet on their future prosperity. And bet they did. The betting took the form of buying shares in the companies whose future seemed most bright. During the spring of 1928 hundreds of thousands of people who had never dreamed before of gambling on the Stock Exchange bought shares in General Motors, in radio and in the enterprises of Montgomery Ward. The prices of these shares soared up and up as more and more people began to buy. Wise investors realized that they were standing much higher than they could be worth—however golden the future of industry, however high the dividends, shareholders could never hope to recover those prices—so they sold their own shares. In June the Stock Market wobbled, and fell. But when Hoover was elected—it was almost a foregone conclusion, the Republican Party was after all the Prosperity Party—stock prices rose again. The ordinary investor was *sure* that trade would get better and better, he was determined to buy stocks and share in the prosperity. The wise-ones shrugged their shoulders—if people would be fools, let them—and began buying again, trusting to their wits to tell them the right time to sell.

Optimism continued in the next year. Hoover announced that his Presidency would give "four more years of prosperity," and everybody believed him. So the rush to secure shares in industrial stock, the stampede to gamble on the promised prosperity of the nineteen-thirties, which had begun before Hoover came into office, continued with increased velocity throughout the spring and summer of 1929. Every class in the community was involved in the gambling mania. Wall Street financiers were interested in forcing the prices of stocks still higher, trusting that their inside knowledge would tell them when

to sell. Industrialists knew no caution; they put none of their profits aside as reserves for the future but paid them all out as dividends to their shareholders to encourage the investment of more and more capital in their concerns; it must be remembered that American industry was organized for mass-production and that mass-production can only pay when running to maximum capacity. Bankers were tumbling over each other to find borrowers who would promise a high return in loans; they formed "security corporations" to gamble with the depositors' money; they pressed more and more money on the shaky Republics of South America; they urged German municipalities to increase their borrowings and fought for the privilege of lending to the new nations of Southeast Europe (to such a pitch that no less than fourteen American banks sent agents to Belgrade to win the right to float a Yugoslavian loan). Ordinary American citizens joined in the game, learned to read the financial papers and invested all their savings in the soaring stocks quoted on the New York Stock Exchange.

Early in 1929 the Treasury became alarmed. Instead of investing in Government bonds the public had no interest in anything except industrial stock. The Federal Reserve Board, which is the Government's banking authority, tried to check speculation. For a moment stock prices wavered, but the National City Bank, for one, had no intention of letting the speculation game end just yet; through the mouth of its energetic president, Charles E. Mitchell, it announced that it had every faith in the future, so much so that it would lend \$20,000,000 at call. The extraordinary thing was that the President and Secretary Mellon were behind the private bankers. So the boom went on.

*The Crash.* Sooner or later a crash was bound to come. At the end of September 1929 it came. Rumors of the Hatry affair in the City of London gave America a glimpse of the sort of snake that was lurking in the financial grass, and the Secretary of Commerce announced in a speech to Republican Party leaders that the industrial outlook of the United States was not promising. Knowing financiers began to sell their shares, unknowing speculators followed blindly. Prices on the New York Stock Exchange stopped rising, toppled, and suddenly, on the morning of Thursday, October 24, fell with a crash. The scene on

the floor of the Stock Exchange was a riot; brokers were besieged by selling orders. Millions of American investors saw their money disappear in a few hours. Opposite the Exchange, in Morgan's offices, the directors of the greatest New York banks held an emergency meeting; they decided to put up 240 million dollars to stop the panic, and in the afternoon their representatives went round the floor of the Exchange, buying large blocks of shares. For a day or two the panic was allayed, but it set in again on the following Monday and frantic selling continued throughout that week. It was estimated that in the month of October United States citizens lost forty billion dollars, in other words five times as much as the outstanding debts of the Allied Powers to America.

And yet, with hundreds of thousands of citizens ruined and with reports of bankruptcies and suicides coming in from every quarter, Americans were still optimistic; they could not believe that their national economy was fundamentally unsound. "We have passed the worst," said President Hoover in May 1930, "and with continued unity of effort we shall rapidly recover." The President was whistling to keep up his courage. There were no grounds whatever for optimism. European Powers were building higher tariff walls and keeping out American goods; British industries, especially the motor industry, were beating Americans at their own game of cheap mass-production. The Eastern nations could no longer afford to buy American goods; a slump in the price of silver had reduced their purchasing power. The American farming communities were on the verge of revolt: a record harvest in 1928 had forced them to get rid of their grain at less than cost price and they were refusing to pay the interest on their mortgage debts. Throughout 1930 the slump continued: the number of bank failures reached a thousand and the unemployment figures rose to six million.

The year 1931 brought no relief. American investors were calling in the money they had lent to Central Europe. To make it easier for Germany to pay commercial debts, Hoover at last announced a year's moratorium in Reparations. Hoover was still confident, or pretended to be. His speeches were full of assurances that the depression would pass, that an anti-cyclone was coming. He sent Mr. Mellon as Ambassador to Great Britain, and Mr. Mellon assured the City that the worst

was over and that America was on the road to recovery. But the figures belied all this: prices were falling in America as elsewhere, unemployment was increasing, the output of the great American industrialists was falling off—for example, the number of cars turned out by General Motors fell from 5½ millions in 1929 to 2½ millions in 1931. The ordinary American was in despair. He had bought shares of stock back in the boom of 1927 and 1928 with money which he did not possess—he had bought on margin, sending his broker a mere fraction of the value of the shares he was purchasing. When the first crash came the broker asked for more margin, and the investor had to draw out his savings from the bank. When this first crash was followed by another he had to put up more money and there was nothing to be done but mortgage his house, sell his car and his furniture.

What had happened to America's riches? Vaguely the American began to realize that he had gambled on future prosperity and lost—lost because he had poured millions into producing raw materials until the amount produced was more than the world (organized as it was so that only a minority of its habitants could afford to buy) could consume, and so the high prices he had hoped for had not been realized; lost because he had lent millions to foreigners who were in no position to pay even the interest on the loans. If he wanted a monument to his folly he had only to look round at the state of his neighbors in Latin America.

## II · CARIBBEAN COUNTRIES AND MEXICO

LATIN AMERICA has never been Latin in anything except name. Before the conquests of Cortes and Pizarro it was the home of Indian civilizations — above all, the Aztec civilization of Mexico and the Inca civilization of Peru. In the sixteenth century it became an Iberian colony; Portuguese priests and soldiers claimed Brazil, Spanish priests and soldiers claimed every other American country from the Rio Grande to Tierra del Fuego. The soldiers and the colonists who followed them settled wherever the climate was tolerable and established a feudal landowning aristocracy who to this day consider themselves the ruling class of the continent. In the eighteenth century the imperial power of the Iberian countries degenerated; America came into the orbit of French revolutionary ideas (the name Latin America is a monument to the cultural ascendancy of France). Then in the nineteenth century Brazil rebelled against Portugal and the rest of the continent against Spain; a score of Republics were established, with Constitutions more or less on the French model. The new Republics were never democratic, for the power was never with the Indian population but with the white minority, and the Constitutions were intended to guarantee not liberty but national independence. In each Republic the President became in fact a dictator, his policy depending upon his ability to pay his army and police force and to bestow lucrative State-appointments upon the more influential of the landowning aristocracy. The future of the Latin American Republics depended therefore on the President's ability to pay, which in its turn depended on the willingness of rich foreign Powers to establish commercial relations. There were two competitors for this privilege. One was Great Britain: it was a British Prime Minister who "called the New World into existence to redress the balance of the Old"; it was British industry that equipped the new Republics with arms, built the railways that made possible the colonization of their vast hinter-

lands and the development of their unlimited resources. The other was the United States.

*The Monroe Doctrine.* The Yankees thought fit to regard themselves as the natural protectors of the Latin American nations. This attitude was expressed by President Monroe in 1823 in the course of his annual message to Congress: "With the existing colonies or dependencies of any European Power we have not interfered and shall not interfere. But with the governments who have declared their independence and maintained it, and whose independence we have, on great consideration and just principles, acknowledged, we could not view any interposition for the purpose of oppressing them, or controlling in any other manner their destiny, by any European Power, in any other light than as a manifestation of an unfriendly disposition towards the United States."

What this really meant nobody knows. North Americans themselves are inclined to say "We do not discuss the Monroe Doctrine; we enforce it." To United States Presidents it meant different things at different times—in the twentieth century different things at the same time in different places. In South America it meant that Great Britain must not bring political pressure to bear in collecting her economic debts. In the countries of the Caribbean Sea it meant precisely the opposite: the United States must interfere politically to support her traders whenever a political revolution threatened to disturb the course of free trade. "The ordinary citizen of the United States," according to James Truslow Adams, "is likely to lump together all Latin Americans from Rio Grande to Cape Horn and think of them as degenerate half-breeds, shiftless, inefficient, incapable of self-government, always in the throes of revolution, apt to go nationally bankrupt at any time, uncultured, superstitious: an inferior race whose nations, owing to the Monroe Doctrine, are somewhat vaguely our wards to protect from European aggression but never to interfere with anything we wish ourselves; subject to our police power whenever their internal disturbances may threaten a banker's loan or a concessionaire's investment; to be treated more like children—good-humouredly as a rule, but sternly when we deem it needful." United States statesmen have shown more discrimination than the ordinary citizen. They have

thought of Latin America as two entities: the Caribbean countries, and South America. We may well adopt their classification.

*The Canal Zone.* The first trade-route of the world is the Mediterranean; the second is the Caribbean. Control of the Caribbean was "necessary" to the United States in just the same sense as control of the Mediterranean was necessary to Great Britain. In the interests of their trade the British wrested Gibraltar from Spain, Malta from the Knights of St. John, Egypt from the Ottoman Empire. The imperialism of the United States was a later development but no less crude in its methods. In the interest of their trade the North Americans, in the twenty years that elapsed between the end of the Spanish-American War of 1898 and the end of the World War in 1918, established a degree of political control over most of the Central American and Caribbean Republics: they annexed Puerto Rico in 1900, claimed rights of intervention in Cuba in 1901, virtually annexed Panama in 1903, took control of the finances of Santo Domingo in 1907, expelled a President of Nicaragua in 1909, sent Marines to Haiti in 1915, bought a number of the Virgin Islands in 1917.

The main object of this policy was of course to win control of the canal route. The second object was to secure as large a share as possible of the trade of the Caribbean countries. Cuban sugar was necessary to the United States; Nicaraguan mahogany, Mexican and Venezuelan oil were—to say the least—desirable. If the Government of these Republics was such that American investments were not secure and the lives of American traders were not safe, then the United States considered that it had a right to intervene, a right even to overthrow the Government and to replace it by another which might have a clearer understanding of the importance of economic relations with the United States. Whether any such right existed in international law may well be questioned, but it certainly existed in the minds of North Americans, who based their claim on the Monroe Doctrine. By the end of the World War the United States had built up a trade with the Republics of the Caribbean (and from the economic point of view Mexico and Colombia must be included in this area) worth 520 million dollars a year in imports to the United States and 485 million in exports. After the war the United States pursued the same policy. The

Monroe Doctrine was written into the Covenant of the League of Nations, and North America went on its way in the Caribbean without any opposition except that of the liberal and nationally-minded inhabitants of the Caribbean countries themselves.

With regard to Panama, United States policy was openly imperialistic. The United States wanted a canal to the Pacific: the best route lay through Panama: therefore the United States must have Panama. The reasoning was simple. The only difficulty was that at



the beginning of the twentieth century Panama was a province of the Republic of Colombia. Fortunately for the United States the province contained a few malcontents. President Theodore Roosevelt encouraged them to rebel against Colombia and to declare an independent Republic of Panama in 1903. Promptly he recognized the new Republic and used his influence with foreign Powers to procure its recognition. The ex-malcontents, now established in the seats of the mighty in Panama, were graciously pleased to sign away a ten-mile-wide belt of their country to the United States, in perpetuity, for the construction of a canal. In 1914 the Panama Canal was opened to traffic. The Panama Republic derived considerable benefits from American improvements, notably in combating pests, but there could hardly be any doubt that it had lost its political independence. The



parallel between this story and Great Britain's relations with Egypt and the Ottoman Empire over the Suez Canal is too obvious to need drawing.

The United States now held the route to the Pacific. There was a possibility, however, that other nations might pursue a similar policy and induce another Central American Republic to allow them a canal-route. The only alternative route lay through Nicaragua: so in 1912 the United States intervened to put a Conservative Government in power in Nicaragua, and in return the grateful Conservatives signed a treaty allowing the United States the control of the Customs, the railway, the bank, and of a zone for the construction at some future date of a canal. From 1912 to 1925 the United States kept a reactionary Government in power in spite of the fact that there was an obvious Liberal majority in the Republic. By 1925 Nicaragua had repaid every cent of the loans which American bankers had made in the country; the United States thereupon withdrew their Marines. But two years later the Marines were sent back again, and the election of another puppet President, Don Adolfo Diaz, was procured, together with the right of the United States to supervise future elections. This policy could be defended only on grounds of expediency.

When Japan invaded Manchuria and established a puppet Republic the United States joined with the League of Nations in condemning the action as a breach of international law. The protest could hardly be made seriously while American Marines were in Nicaragua; a change of American policy in Central America was obviously indicated—on this as well as on more important grounds. In 1932 the United States withdrew its support from Diaz and a Liberal President was elected. In 1933 the last American Marines left Nicaragua; no sooner had they gone than the Liberal Government made peace with Sandino, a Nationalist who had been outlawed by the United States, and had been conducting a guerilla war for years against Marines and puppet Presidents. For the first time for years there was a prospect of peace in Nicaragua.

*Cuba Americanized.* Both economic and strategic motives combined to make the United States interested in Cuba. The island is less than

a hundred miles from Florida; also it offered a potential source for cane sugar — a foodstuff which the North Americans could not produce at home.

By the end of the World War Cuba was in the hands of United States bankers. The subjection of the island makes a sordid story. At the end of the nineteenth century the Cubans rose against Spain, and the North Americans, swayed by a genuine sympathy for the oppressed islanders, joined the Cubans in their War of Independence. "The people of Cuba is and of right should be free and independent," Congress declared, adding in what was known as the Teller Resolution: "The United States disclaims the disposition or intention to exercise sovereignty, jurisdiction or control in Cuba, except for the pacification of the island, and expresses the national resolution, when this end has been accomplished, to withdraw and leave the government and control of the island to the people."

Cuba won her war; Spain was defeated and a Cuban Republic was set up. Immediately the United States changed its tone. In the Platt Amendment of 1901 (which was made part of the Cuban Constitution and part of the American Treaty with Cuba of 1903) it was stipulated that "the Government of Cuba consents that the United States may exercise the right to intervene for the preservation of Cuban independence, the maintenance of a government adequate for the protection of life, property and individual liberty. . . ." The good intentions of 1898 had merely paved the way to a Cuba that was an American protectorate in everything except name.

The Platt Amendment was interpreted by the United States in a wholly cynical manner. Under the wing of American naval stations an "independent" government was set up in Havana. Naturally only the most sycophantic politicians came forward to hold office under such terms, and for over thirty years Cuba was ruled by men who were corrupt or inefficient or both. If at any time the Cubans rose in anger against the Government the United States stepped in and suppressed the rising on the pretext of preserving law and order.

Then the United States set to work to develop the island's sugar resources. The process has been described by Waldo Frank in *America Hispana*:

First, land was bought at a high price: when enough of it was American-owned to bring control of the district a private railroad was laid, giving the American interests a monopoly in the power to move their goods. Then the rest of the district, economically helpless, was bought cheap: or its owner, the independent Colono, was offered a contract which reduced him to economic serfdom and which he could refuse or accept according to his preference for slow or swift extinction. The many sugar mills were now merged into one, strategically placed at the terminal of a railroad. The variety of crops was destroyed, either directly by purchase of land or indirectly by control of rail and terminal facilities.

When the Cuban planter had been crowded out, American business men proceeded against the Cuban worker. He cost too much, his cultural level was too high. Thousands, tens of thousands, at last scores of thousands of alien Negroes from Haiti and Jamaica were brought to Cuba to cut the American-owned cane. These men, illiterate slaves of passage, had no cultural contact with Cuba; they did not even speak Spanish, and their intercourse with the Cuban folk was too slight to make them learn it. They lived in degraded camps, their wages were so low that they could not buy Cuban goods: they were fed and clothed by the Company Stores whose stock, of course, was the shoddy of the United States.

In 1920 more than 40 per cent of the arable soil of Cuba was directly owned by American capital; and the mass of the rest was under the American banks which, indirectly, fixed prices and wages and controlled the commerce and transportation of the island. The native planters who remained, dwindling and desperate, lived at the sufferance of those banks which were the State itself, since no Government of Cuba could survive for one day that impugned their sacred law of American investment. The factorization of Cuba, the industrial enslavement of its people was an accomplished fact.

There is no doubt that American help had made Cuba rich. The island came to produce a quarter of the whole world-supply of cane sugar. In 1928 the average wealth of the population is said to have been higher than in any other country. Yet Cuba had been morally stunted in her growth: instead of a potentially self-sufficient island with metal, timber and cattle enough and more than enough for her own needs she had become a sugar-plantation for the United States; instead of developing an indigenous civilization she had produced nothing but an imitation of the Yankee civilization—of which the Government House, which President Machado built after the model

of the Capitol at Washington and which now dominates Havana, is a symbol. Although a small minority were fabulously rich the vast majority were miserably poor.

In 1929 there were signs that the United States was relenting in her policy towards Cuba. The new American Ambassador, Mr. Guggenheim, was publicly opposed to the Platt Amendment and to the treaty of 1903. "In negotiating a new treaty," he said, "we should assume that Cuba must work out her own salvation regardless of the mistakes that she may make. I am in complete agreement with the dictum that it is far better for Cuba to make her own mistakes than to have our Government make her mistakes for her. Our relationship with Cuba, insofar as the special protection of American citizens is concerned, is and should be clearly understood to be suicidal to our relations with other American Republics under international law."

In 1933, President Machado, who had ruled Cuba as the despotic puppet of Washington, was driven out of office. Roosevelt negotiated a new treaty with Cuba: political interference by the United States was abandoned. But Cuba was still economically dependent upon New York.

*Haiti Americanized.* One more example of North American policy in the Caribbean area may be given. Haiti, the only French-speaking country in Latin America, had been an independent Republic for over a century when United States Marines landed on her shores in 1915. Haiti's Government was showing signs of breaking down—there had been half a dozen Presidents in four years. The immediate object of United States interference was to secure the interests of American citizens—especially of the National City Bank, which was a stockholder of the Bank of Haiti. The United States forced a twenty-year treaty on Haiti binding her to the repayment of foreign loans. General John H. Russell was sent as United States Commissioner and until 1929 he was the virtual ruler of the island. His mouthpiece was Louis Borno, whom the Americans made President in spite of the fact that as the son of a citizen of France he was constitutionally ineligible for the presidency.

In 1929 a dangerous storm was brewing in Haiti. General Russell telegraphed for more Marines, but President Hoover preferred to

send a Commission of Inquiry and this Forbes Commission reported that the Americanization of Haiti had been a failure and recommended that the aim of the United States should be the end of the occupation of the Republic by 1936 when the treaty would expire. The business of withdrawal was begun at once, the U. S. Commissionership was abolished, Louis Borno resigned, elections were held and the control of education, hygiene and public works was put back into Haitian hands.

But the United States had not wholly forsworn its old policy of control. In 1932 a new treaty was offered to Haiti. It provided for American supervision of Haitian finances for another generation. Unanimously and indignantly the Haitian Assembly rejected this treaty—Haiti was determined to sign nothing that would give the United States the shadow of a legal excuse to prolong any form of control beyond 1936. Not till the summer of 1934 did the Washington State Department reconcile itself to the idea of evacuating Haiti. Then a treaty was signed by which every American Marine, customs collector and fiscal agent was to leave the island before November and by which the Government of Haiti was to be allowed to buy back the National Bank of Haiti which throughout the occupation had been a branch of the National City Bank of New York.

The history of the other Caribbean Republics is much the same as that of Panama, Nicaragua, Cuba and Haiti. Everywhere the policy of United States businessmen was the same: to secure North American interests, strategical, commercial and financial, by maintaining in power a Government amenable to the United States, with or without the consent of the majority of the inhabitants. In every Republic except one that policy was successful. The exception was Mexico.

*The Mexican Revolution.* Mexico is a huge Republic (in all Latin America only Brazil and Argentina are larger). She is rich in every material resource from wheat to oil, and her spiritual resources are superior to any in America, for she was the home of the Maya civilization and the Aztec civilization; superb natural craftsmanship and a deep supernatural religious sense are the inheritance of modern Mexicans. In the sixteenth century Spain conquered and Catholicized Mexico. In the nineteenth century Mexico rose in revolt, against the

Catholic prelates as much as against Spanish proconsuls. She achieved independence but not emancipation, for from 1877 to 1910 she was under the dictatorship of Porfirio Diaz. He was a despot in the grand manner. In pursuance of a single-minded policy of attracting foreign capital and enterprise to his country he confiscated the lands which the Indian villagers had held in common for centuries without record and welded them into vast estates; four foreign companies acquired no less than thirteen million acres in Lower California—one single estate covered six million acres; the Mexican Indians were forced to work as slaves for the great landowners, two thirds of the Mexican people became peons, tied for life to their employers, working to redeem an irredeemable debt. To foreigners Diaz also sold the mining rights, and the wealth of Mexico flowed down the pipe-lines to enrich the magnates of the United States. The Catholic Church retained its land and all its rights, including that of appointing foreigners to Mexican dioceses.

In 1910 the Mexican people rose against the Diaz régime. Like the Chinese Revolution of 1911 and the Russian Revolution of 1917 it was a spontaneous upheaval of the people to break the power of capitalist exploitation. But the Mexicans had no Bolshevik Party to guide their Revolution; they had not even a Kuomintang. For ten years, from 1910 to 1920, the real direction of the Mexican Revolution was obscured by the struggle of rival groups for power.

Porfirio Diaz was succeeded by Francesco Madera, an attractive, incapable idealist who was unable to prevent Mexico from becoming a prey to rival *condottieri*. Most of these were as unscrupulous as the war lords of revolutionary China. In 1913 the strongest of them, Victoriano Huerta, assassinated Madera and established himself in Mexico City. Nothing can be said in Huerta's favor; he was a ruffian whose uncontrolled passions would have kept him inside a prison or a lunatic asylum in any orderly country.

President Wilson of the United States had watched the course of the Mexican Revolution with apprehension. He believed in the right of every people to determine its own form of government; but the prospect of a crazy Huerta on his southern frontier was too much for the President's principles: he could not believe that the Mexican people wanted General Huerta for their ruler. So Wilson refused to recognize the General, refused to sell arms to his followers though he allowed

them to be sold to his enemies, and when an excuse presented itself he sent Admiral Fletcher with a fleet to Vera Cruz and the Admiral bombarded the town and took possession of the Customs House.

In a way the President was right: the Mexican people if they had been articulate would have pronounced against Huerta, whose tyrannical methods were not very different from those of Diaz. Huerta was succeeded by Carranza, a bearded, bespectacled, patriarchal figure who seemed to understand in a dim way the underlying meaning of the Mexican Revolution. In 1915 he issued a land decree restoring the commons to the villages. In 1917 he called together a rather unconstitutional assembly which issued a new Constitution for Mexico. The Constitution went right to the heart of Mexico's grievances: it declared *inter alia* that the State was the owner of all land, that foreigners possessed no rights in Mexico which Mexicans did not possess and that the Catholic Church might neither own property, nor teach in schools, nor appoint non-Mexicans to cures in Mexico. But Carranza had no real power; he could not get the necessary legislation passed to enforce the clauses of his Constitution; nor could he deal firmly and lawfully with the United States oilmen (who had formed a National Association for the Protection of American Rights in Mexico, of which our friend Doheny of the Teapot Dome was a leader) or with the Catholic prelates who protested against the Acts of 1917, nor could he awaken the imagination of his own people.

In 1920 Carranza was deposed by a group of friends from Sonora: Obregon, Calles and Adolfo de la Huerta. General Obregon — whose name is a Spanish version of O'Brien — had been in the thick of all the fighting since the early days of the Revolution. On one occasion he had lost an arm, on many occasions he had narrowly missed losing his head. The United States and most of the European Powers including Great Britain regarded him as a desperado and refused to recognize him as President of Mexico. But in Obregon the Mexican Revolution had at last found a leader; he understood that in essence the Revolution was an assertion of the indigenous culture of the Indian-blooded population of Mexico: it was a spiritual revolution in the sense that the Chinese, the Russian, the Irish and the Indian Congress movements were spiritual. But the spiritual revolution was impossible while the country lay under foreign economic control. Mexico's natural re-

sources, like those of China and India, were in the hands of foreigners: in 1922, 95 per cent of the capital invested in Mexican oil, the total of which was estimated at 960 million dollars, was held by North Americans and Englishmen; little more than one per cent was held by Mexicans. This foreign wealth was necessary to Mexico's economic well-being, yet the foreign control which foreign capital had hitherto implied was fatal to the real life of Mexico. Here lay Obregon's problem: to limit the rights of the foreigner without driving his money out of Mexico.

In 1921 the Washington State Department proposed a treaty guaranteeing the property rights which United States citizens had acquired in Mexico. In return for Obregon's signature the United States would give official recognition to his presidency. Obregon declined politely: the Mexican Government, he said, proposed "to eliminate by the natural development of its political and administrative policy the necessity for promises which might humiliate it, and proposes to follow this line until the field appears sufficiently free of obstacles to permit its being recognized without prejudice to its natural dignity and sovereignty." And there matters stood, at an impasse, until 1923 when the United States, seeing that Obregon had established himself firmly and was keeping order and maintaining a measure of justice, however rough, in Mexico, patched up an agreement with the President, who consented to fund the American debt and to recognize American ownership of the railways.

It was December 1925 before Obregon and his friend Calles, who was now President, felt strong enough to carry the Revolution a step further. This step took the thoroughly legal form of a couple of laws applying the principles of the Constitution of 1917. The first was a land law recapitulating Article 27 of the Constitution according to which "only Mexican citizens might own land or obtain concessions to exploit the subsoil; or if foreigners received the same right they must agree . . . not to invoke the protection of their Governments in respect to the same." This aroused a storm of protest from the United States; Secretary Kellogg wrote that the Land Law was "viewed with genuine apprehension by many if not all American holders of property rights in Mexico." The Mexican President replied that he did not understand their apprehension: had not the State of Arizona a law to the effect



that "no person may acquire titles or property in Arizona unless he be a citizen of the United States or has declared previously his intention of becoming such"? Certain sections of the American Press clamored for war with Mexico; oil magnates damned the Mexicans as robbers, bankers damned them as anarchists.

Meanwhile the Mexican Parliament had passed a second law enforcing the Constitution of 1917. This law recapitulated the religious clauses: "Religious institutions known as Churches, irrespective of creed, shall in no case have legal capacity to acquire, hold or administer real property. . . . Places of worship are the property of the nation, as represented by the Federal Government, which shall determine which may continue to be devoted to their present purpose; . . . no religious education may be imparted without the consent of the Government and no foreign priest may hold a living in Mexico."

The Government's quarrel was not with the Catholic religion as such. Most Mexicans were Catholics and no other religion had any following in the Republic; the parish priests were admired and obeyed. The quarrel was with the hierarchy, partly because it was rich and corrupt, partly because it owned a great deal of land and was opposed to every social reform, partly because it had the monopoly of education and used it for reactionary propaganda, partly because it was foreign in spirit and personnel. The situation in Mexico was like that in England under Henry VIII: a Catholic country in revolt against Rome. A closer parallel is the situation in postwar Turkey: a country of believers in revolt against a reactionary and non-national Church.

The Mexican bishops refused to accept the Church Laws of 1926. Rather than carry on their mission on such terms they closed their churches and suspended public worship. They expected that the popular outcry of the faithful deprived of their Mass would bring the Government to its senses, but the Government refused to yield an inch; it encouraged the formation of a National Church and, when that failed, set out to deport all the foreign priests it could catch. Civil war followed. An archbishop succeeded in rallying a few faithful *Christeros* and took up arms against the Government, the Government replied by forbidding the celebration of the Sacraments in private houses and conducting domiciliary inspections wherever priests were suspected of being in hiding. Neither side was scrupulous in its methods; the Church Party

appealed for American help to crush the Revolution, and the Government put priests to death on the flimsiest evidence—a notorious case was the execution without trial of a Jesuit Father, Miguel Pro, on the charge of being implicated in an attempt on Obregon's life in 1927.

The Church Party flourished under persecution but the Government kept control of the situation. At last the United States had to recognize that it must come to terms with the Mexican Government. In 1928 Dwight Morrow was sent as Ambassador to Mexico. He proved himself the ablest of diplomats. The dispute over the Land Law was at last settled: the United States abandoned its claim to protect its citizens in Mexico and recognized the right of the Mexican Supreme Court to pronounce on the rights of the United States oil companies; and the Mexican Supreme Court promptly declared that the oil companies' property was lawfully held. It was a sensible compromise.

The religious war went on. In July 1928 General Obregon, who had just been elected to another term of office as President, was assassinated by a devout young Catholic, who declared, when on trial, that he had acted on the suggestion of the Mother Superior of a well-known convent. The Mother Superior admitted that she had, jokingly, made some such suggestion. She was condemned to twenty years' imprisonment; and anti-clerical feeling had another lease of life in Mexico.

At last, in 1929, a truce was made between the Church and the Government—thanks again to the mediation of Dwight Morrow. The State agreed to allow religious instruction to be given in churches—but not in schools—and to recognize priests appointed by the Catholic hierarchy on condition that they registered themselves as Mexican citizens. On these terms the Church agreed to resume public worship.

Civil war ended in July 1929, but the struggle between Church and State continued. In September 1932 the Pope felt constrained to send an encyclical letter (*Acerba Animi*) to the Mexican bishops in which he complained of the Government's failure to observe the terms of the truce: "To Our great distress We saw that not merely were all the Bishops not recalled from exile, but that others were expelled without even the semblance of legality. In several dioceses neither churches nor seminaries, nor bishops' residences, nor other sacred edifices, were restored; notwithstanding explicit promises, priests and laymen who had steadfastly defended the faith were abandoned to the cruel

vengeance of their adversaries. Furthermore, as soon as the suspension of public worship had been revoked, increased violence was noticed in the campaign of the Press against clergy, the Church and God Himself; and it is well known that the Holy See had to condemn one of these publications, which in its sacrilegious immorality and acknowledged purpose of anti-religious and slanderous propaganda had exceeded all bounds." So long as the Church laid emphasis on the restoration of bishops' residences and exercised a censorship of the Press the anti-clerical trouble in Mexico was bound to continue.

From 1929 to 1934 there was a lull in the Mexican Revolution. President Calles had lost the fire of his youth and was busy conciliating the interests on whom the solvency of his Government depended.

Mexico's most important industry lay in the metal mines—silver and gold, antimony, cadmium, copper, mercury, tungsten and zinc. The capital in these mines was largely American, and the American market bought most of the metals. A third of the world's silver supply came from Mexico, but the price depended largely upon American policy—on the silver revaluation plan of 1933, for instance. It therefore paid to conciliate Washington.

Mexico's second industry was oil. The wells were owned by sixteen foreign companies, largely American, British and Dutch, who also owned nearly all the tankers. In 1927 Mexico produced nearly one seventeenth of the world's oil supply, but the proportion was rapidly sinking in face of competition from America, Iran, Iraq, Rumania, Russia and Venezuela. It therefore behooved Mexico to conciliate the Standard and the Mexican (really British and Dutch) Eagle Oil Companies.

But in 1934 the lull ended and another swing of the wheel of Revolution overtook Mexico. General Lazaro Cardenas, an honest mestizo and fanatical Nationalist, became President in November and immediately reversed Calles' conciliatory policy. He had behind him (or before him) the new Marxist trade-union movement, the *Confederacion de Trabajadores de Mejico* (CTM), which included 175,000 of the 2,000,000 industrial workers. The spearhead of his organization was the Petroleum Workers' Syndicate with its 20,000 members. In the fall of 1936 the Syndicate put forward sweeping demands for improved conditions. These included "90 days' wages, plus pay for a

further 25 days for each year of service if a man were discharged; free medical service for workers, pensionaries and their dependents irrespective of the cause of their ailments; pensions for workers incapacitated after 10 years of service to be figured at 60 per cent of their wage, rising by 2 per cent per annum for each year thereafter; 18 obligatory days' holiday every year on full pay."

Not surprisingly, the companies, standing together in the best traditions of international finance, refused these demands. The oil workers, it was pointed out, were much more highly paid than any others in Mexico, and their average wage had risen by 62 per cent in the last two years. The Syndicate, however, held to its guns and a strike began on May 27, 1937. The Government backed the strikers: in December the Federal Board of Conciliation and Arbitration announced that the companies should pay an extra 26 million pesos a year in benefits and 20 million pesos by way of back pay for the months of the strike. (The peso then stood at 3.60 to the dollar!) The companies appealed to the Supreme Court, which rejected the appeal, and in March 1938 President Cardenas decreed the expropriation of all the sixteen oil companies for having refused to comply with the requirements of the Board of Arbitration.

The fat was now properly in the fire. The peso dropped from 3.60 to 5.30 to the dollar, exports fell, prices soared, the treasury was emptied and the British Government broke off diplomatic relations. Cardenas was faced with trouble whichever way he might turn. If he turned back in his tracks, the Marxist workers led by Lombardo Toledano would turn against him. If he persisted in his policy of expropriation and went on to nationalize the mining and oil industries, he would need immense supplies of foreign capital, and he could hardly hope to get much from America or Great Britain. Where else could he turn for capital? To Russia? Or to Germany? In any case, planning on a national scale would involve dictatorial methods which would savor more of Fascism than of what Mexican laborers understood by Marxism.

But meanwhile, in 1938, Mexico was in the full flush of revolutionary *élan*. The peasants were more prosperous than they had been at any period of their history; the industrial workers were full of exultation and hope of the immediate coming of a brave new world; the old bogies of capitalist exploitation and clerical reaction seemed to

have been exorcized forever. Mexico was the spiritual as well as the earthly home of Trotsky. The torch of Communist Revolution which had for so long been held by Moscow hands had now passed to the mestizos of Mexico City.

The first generation of the Mexican Revolution was full of catastrophe: Huerta's reign of terror, Carranza's régime when corruption, chicanery and violence went unchecked, Obregon's religious persecution, Calles' reaction, Cardenas' expropriations. Scarcely a year passed without a political assassination, never a year without fighting in some quarter of the Federation. Yet the result has been the establishment of the rights of the Mexican to his own land and his own customs and a long step towards the recognition of those rights by foreigners.

*The United States' New Policy.* At the close of 1938 everything seemed to depend on the attitude of the United States, which since it controlled three quarters of Mexico's foreign trade could make or mar Mexico. Even more than in 1918 the Caribbean countries were dependent on the United States. A great change had taken place during the twenty years in American policy. During the first decade it was frankly imperialistic: the Monroe Doctrine was still interpreted as conferring a right of political interference in the Caribbean Republics. American imperialism, unlike that of European Powers, did not take the form of simple annexation; the State Department went to work more subtly: recalcitrant Caribbean Governments were condemned as revolutionary and refused official recognition by the United States; supplies of arms were withheld from them and sent to their opponents; whenever a party favorable to the United States asked Washington for help, Marines were sent and the amenable party was established and maintained in power *vi et armis*. But in the year 1928 a change began to come over Washington policy. The boom in domestic stocks diverted American investors' money from foreign investments to home industries, and President Hoover realized that the business of defending American investments in the Caribbean by force of arms cost more than it was worth. (The cost to United States taxpayers of collecting the debts of a few private interests in Haiti by the use of the Navy was estimated as ten times the amount of the debts.) Perhaps Hoover realized also that the anti-

American feeling to which this policy had given birth — the fear of the *Peligro Yanqui*, the Yankee peril — had the worst possible repercussion on American relations. In 1928 President-Elect Hoover made a goodwill tour in Latin America and Mr. Morrow came to terms with Mexico; in 1929 the Commissioner was withdrawn from Haiti; in 1933 the last Marines left Nicaragua and in 1934 Hoover's successor promised the evacuation of Haiti and a new treaty with Cuba which would entail the abolition of the Platt Amendment. The United States had abandoned the policy of political imperialism and had come to apply to the Caribbean the methods of peaceful economic penetration which had had such extraordinary results in South America.

How timely this change was is well illustrated by the difficulties experienced by Great Britain in her Caribbean colonies in the 1930's. (Britain's policy had always been peaceful economic penetration in South America and overt imperialism in the Caribbean.) When the crisis made the sugar trade unprofitable, the United States got out of Cuba, but Britain could not abandon her responsibility for Jamaica and the lesser islands. Low prices were followed by unemployment, unemployment by strikes, and strikes by riots in Trinidad, Barbados, St. Vincent and St. Kitts. A strike in Kingston in May 1938 paralyzed the city, and a general rebellion was averted only by the promise of the Jamaica Government to spend £500,000 on a land-settlement scheme. It was obvious that Britain would have to pay, and pay heavily, if anything approaching order — to say nothing of regular employment and decent housing and educational conditions — was to be preserved in the British colonies.

### III · THE SOUTH AMERICAN REPUBLICS

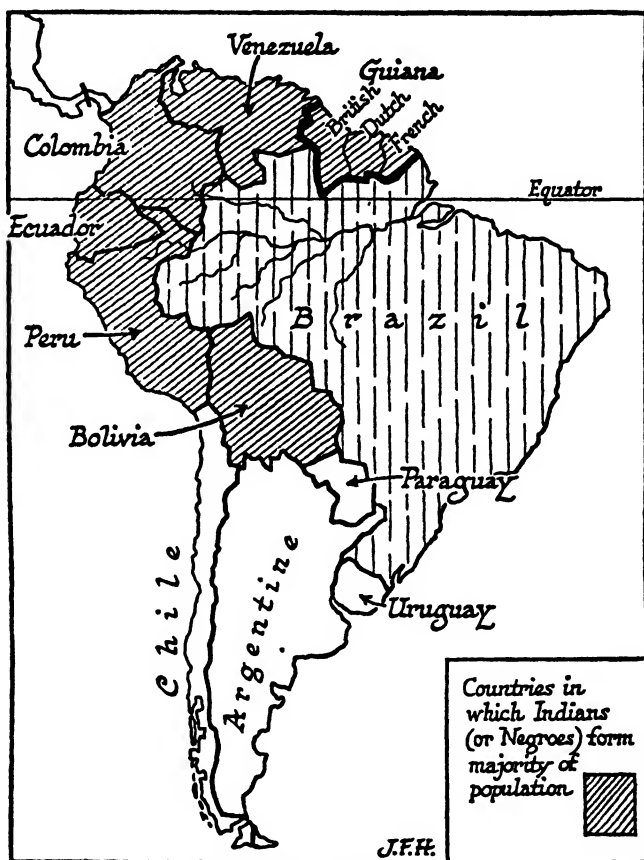
BEFORE 1914 the United States had little economic influence in South America. Buenos Aires and Rio de Janeiro were nearer to London than to New York; even the Pacific ports, Lima, Valparaiso and Santiago, were more accessible to Europe than to the Eastern ports of the United States: British and German traders had captured the trade of the Southern Republics.

*United States' Economic Penetration.* The opportunity of the United States came with the World War. In 1914 the flow of goods and money from Europe was suddenly shut off and South America turned to the North for capital and commerce. At the beginning of the war there was not a single U. S. bank operating in South America; in 1921 there were no less than fifty-four. South America contained those very raw materials which the North lacked; within a few years the United States became the chief buyer of Bolivian tin, of Chilean nitrate, of Brazilian coffee. South America needed those very manufactured goods which the United States turned out so cheaply and so well by mass-production; within a few years cars from Detroit were rolling in thousands along the newly macadamized roads of the Southern cities and jolting their way over the rough tracks upcountry. A huge trade was developed between North and South.

For over a decade after the war this commerce continued to make the fortunes of both parties. The industrialists of the North made millions out of exports to South America; the Southern farmers and ranches made millions producing for the apparently inexhaustible American market. British businessmen struggled gamely to regain their prewar position, and South America, finding herself with two suitors for her favors, played one against the other in a manner most advantageous to herself. In the end the United States bid higher and to the United States South America pledged herself.

Perhaps it is misleading to talk of the United States in this connection.

It was not the Washington Federal Government which was conducting negotiations, but private U.S. firms. (And there was no question of the Federal Government's backing private enterprise by political pressure in the great Republics of South America as there was in the unstable Republics of the Caribbean.) It was not Washington but the firm of



Guggenheim that developed tin and nitrate; not Washington but Morgan's I.T.T. that equipped the Southern continent with telephones and telegraphs; not Washington but the agents of Ford and General Motors who tumbled over each other to sell cars to the two million odd inhabitants of Buenos Aires.

Even the loans to the Republican Governments, no less than a



third of United States exports to the South,<sup>1</sup> were not negotiated by Washington. United States banking houses sent representatives to urge Southern Presidents to accept a loan. The impecunious Presidents were easily persuaded; it would be their successors who would have to raise the interest. Armed with their contract the bankers returned jubilant to New York and put the loan up for public subscription. They may have doubted whether the subscribers would ever get a return on their money but that was not primarily the bankers' concern: they floated the loan and pocketed their commission; that was the end of the transaction as far as they were concerned. As for the North American public, they were glutted with money, did not know what to do with it: they were only too pleased to invest in South American Loans. So everybody—Presidents, bankers and United States public—was satisfied. For a time.

This, then, is the theme of South American history in the postwar decade: the increasing trade with the United States, the increasing direct investment of U. S. capital in the industries of the South and the increasing security investment in loans to the South's dictatorial Presidents. We can best trace its working by discussing five of the largest South American Republics in turn.

*Peru.* In Peru all the contradictions that make up a typical South American Republic are to be found: natural riches and foreign exploitation, democratic Constitution and despotic President, poverty-stricken aborigines and wealthy feudal landowners. The chief exports of Peru are cotton, sugar, copper and petroleum, and for three, at least, of these the United States had an urgent need. American money poured into Peru, twelve million dollars into cotton and sugar plantations, seventy-five million into copper mines, a hundred and twenty million into oil wells, until these native industries were to all intents

<sup>1</sup> United States investments in five South American Republics (from United States Department of Commerce Trade Information Bulletin, No. 767, 1931):

	<i>Total</i> (in thousands of dollars)	<i>Direct Investments</i> (per cent)	<i>Security Investments</i> (per cent)
Argentina	807,777	45	55
Chile	700,935	63	37
Brazil	557,001	38	62
Peru	222,055	62	38
Bolivia	116,045	53	47

and purposes owned by North Americans. President Leguia, who was in power from 1919 to 1930, was delighted by this rapid opening-up of his country. He was further delighted by the willingness of American bankers to raise loans in the United States for the Peruvian Government. To maintain a personal autocracy, in a State as large as France and Germany and Italy combined, needs money: the Army and the police must be paid regularly, the members of the hundred or so families of Spanish blood who consider themselves the natural rulers of the country must be given sinecures consonant with their aspirations. President Leguia contracted loans up to a hundred million dollars through the American banking house of Seligman. This was enough to secure the financial stability of his régime; the President's personality did the rest. He censored the Press, exiled political suspects without trial and treated political opposition as treason.

These methods turned opposition into revolutionary channels. Radical opinion pointed to the danger of depending upon United States finance and accused the foxy little President of having sold Peru to Wall Street. A Peruvian socialist, Raul Haya de la Torre, founded an inter-American organization of students and workers known as A.P.R.A. (*Alianza Popular Revolucionaria Americana*). In 1919, 1921 and 1923 he led revolts against Leguia, but Peru was too prosperous during the nineteen-twenties to listen to revolutionaries. Raw materials were fetching high prices and the United States demand seemed insatiable. Haya was sent into exile.

*Chile.* Much the same conditions prevailed in Chile, except that the Indian problem was much less serious and the long coast line and good portage favored the growth of a commercial middle class who were less amenable to political dictatorship. The landowning class consisted of the famous Forty Families, who formed a feudal aristocracy. From the foundation of the Republic under Bernardo O'Higgins down to 1890, Chile was ruled by dictators; then followed a shocking period of graft when politics degenerated into a scramble for office and the spoils of office. At last, in 1920, a brilliant politician of Italian descent, Don Arturo Alessandri, became President and endeared himself to the poorer classes by relying on them and not on the Forty for support. To the *rotos*, the poor, he offered attractions that savored almost of

Moscow. The forces of reaction were not long in combining. A general rallied the Forty and the Army; Don Arturo had to leave for Argentina, on holiday. The army, after some vicissitudes, produced a real champion in the person of General Carlos Ibañez, who made himself President in 1925. There was no equalitarian nonsense about Ibañez: he put the *rotos* in their place and turned to the United States for financial support. In five years he borrowed no less than 500 million dollars, thus quadrupling the national debt. He encouraged the flow of United States capital into the nitrate industry. The American house of Guggenheim, which had first come to Chile for copper, became the virtual owner of the great Chilean nitrate combine (known as Cosach from the first syllables of its title, *Compagnia Salitrera Chilena*).

*Bolivia.* The Bolivian Republic was in a less happy condition. In the first place the white people for whose interests the Republic existed were a very small minority of the population — there were three million Indians and half-Indians in Bolivia and only 300,000 whites. Secondly the country was split by nature into two parts, a high metalliferous plateau where nothing would grow, and a region of tropical valleys where nothing would stop growing; no railway communication was practicable between the two regions and consequently the tinworkers of the plateau were deprived of the food products of the valleys. Thirdly the Republic had no access to the sea. Railways connected her with the Pacific but the lines were British-owned and the ports were in Peru and Chile. To secure a Pacific port Bolivia claimed the provinces of Tacna and Arica and this claim was supported by the American Secretary Kellogg. Naturally enough it was opposed by Chile and Peru. With the Atlantic she was connected by the Paraguay River: the trouble here was that there was no deep-water port in the Bolivian reaches of that river. Bolivia therefore laid claim to the swamps and forests known as the Gran Chaco. Opposition to this naturally came from Paraguay. To give up the Chaco would be to surrender half Paraguay and bring the Bolivian border up to the junction of the Paraguay and Pilcomayo Rivers and to the very walls of the Paraguayan capital. Once again America showed herself sympathetic to Bolivia's claims. The reason for this sympathy was that Bolivia was rich in tin, and the United States, with their growing canning industries, needed half the world's pro-

duction of tin. The only country that was richer than Bolivia in that product was Malaya; and Malaya was in British hands.

Bolivian politics accordingly centered round tin, which indeed made up ninety-two per cent of the exports of the Republic. A politician who could secure American co-operation to develop the industry could maintain himself in power. In 1925 President Siles overthrew the constitutional Government and established himself as a dictator by the familiar methods of censorship, political arrests, and foreign loans. The loans came from the United States and the house of Guggenheim entrenched itself in the Bolivian tin industry. The right to drill wells for oil was sold to the American Standard Oil Company — and rumors spread that there were rich oil deposits in the Chaco.

*Argentina.* Argentina is the richest of all the South American Republics. There seems no end to its natural resources; it is capable of exporting millions of tons of wheat and maize and flax every year, millions of heads of cattle, sheep and pigs, it can grow sugar cane and vines and has an unlimited timber supply in its forests. As the supplier of the world's meat Argentina used to have a formidable rival in Australasia, but the invention of the chilled-meat process put Argentina ahead in the European market. Long before the war Great Britain had realized the importance of the Argentine Republic as the world's greatest farm: British capital was poured into the country to the amount of 1000 million dollars; twenty-five thousand miles of railway were built with British money. American competition began with the war. Great Britain had secured the railway concessions, America won concessions for tramways and for telephones and for cables. Great Britain had secured an Argentine market for textiles, America won the market for cars, for radio sets, for tobacco. Soon it became clear that the Anglo-American struggle for the trade for South America would be fought out in Buenos Aires. The States sent their Mr. Hoover, their President-elect, on a goodwill tour in Argentina; Great Britain sent the Prince of Wales to open a Trade Exhibition; but Argentina was not persuaded that the products of the Anglo-Saxon countries were as necessary to her as the products of Argentina so obviously were to America and Great Britain. Argentina restricted her export of foodstuffs. She also set a tariff on imported goods. The effect of this tariff was to keep

out British textiles and railway material but it was not high enough to exclude American mass-produced articles. By 1929 it was clear that America was winning the race. In 1913 Great Britain sent 135 millions' worth of goods to Argentina, and the United States only 47 million; in 1929 the British exports stood at about the same sum but the American had increased to 210 million dollars. Great Britain's only advantage was that she bought more from the Argentines than the Americans did. British businessmen in Buenos Aires cleverly invented a slogan: "Buy from those who buy from Argentina." For a time it had some little effect. It did not improve the relations between British and Americans in Buenos Aires.

From 1916 to 1922 and from 1928 to 1930 the Argentine Republic had a President who was extremely chary of foreign commitments. He refused to join in the war against Germany, he withdrew from the League of Nations, he recalled his Ambassador from Washington in 1928 and he did not sign the Briand-Kellogg Peace Pact. Altogether President Irigoyen was an extraordinary figure. He was a handsome Basque with a dash of Turkish blood in his veins, an autocrat inasmuch as he kept all the reins of government in his own hand and delegated authority to no one, a democrat inasmuch as he stood for the interests of the middle class, and he had a real affection for the poorer people, who adored him. He had a flair for the picturesque that is rare among twentieth-century rulers: shutting himself up in his palace he received no one who did not interest him; he professed Theosophy; he was no respecter of persons and a great respecter of human beings — his box at the opera was filled not with ministers and diplomats, but with down-and-outs.

Irigoyen's rich humanity and his policy of political isolation brought Argentina together as a nation, made possible the development of a national culture that was Argentine and not European or Yankee. But in his personal isolation he was blind to the fact that the offices of state were riddled with corruption. It would need more than the personality of President Irigoyen to save Argentina from the deluge of the world economic crisis.

*Brazil.* Brazil stands apart from the other Republics of South America. It is larger — larger even than the United States. Its sixteenth-

century conquerors were not Spanish but Portuguese, and its colored population is not red but black, not Indian but African. It has experienced a huge wave of immigration in the last century; since 1820 four million people have come to Brazil to settle and of these ninety-five per cent are European.

Brazil is a Federation, its full title being the United States of Brazil. The States are in no sense equal in importance; those of the tropical North having little influence, the political power is divided between the Southern States of São Paulo and Minas Geraes. From 1900 to 1926 the Presidents of Brazil were drawn alternatively from these two States, a São Paulo President for one term of four years, a Minas President for the next.

The prosperity of Brazil in the postwar decade was based on a single product: coffee. Two thirds of the world's coffee-supply came from Brazil. At first fabulous fortunes were made by coffee-growers. Then the output of Brazil began to creep up to the level of average consumption. Foreign speculators began to buy up the season's crop and to hold it for a high price; the growers had the mortification of seeing the coffee they had sold cheap being resold for twice the price. The Government under President Bernandes had no solution to offer — Bernandes was too busy keeping the country under martial law to think of marketing schemes. In 1926 Washington Luiz became President and in the following year a Coffee Institute was established to finance growers and to market the crop, as a whole, in Brazilian interests. Foreign buyers had to pay high prices; the United States was particularly hard-hit by the Institute's activities, for it bought about half the Brazilian crop. The profits were so enormous that there was a rush to increase the coffee production, with the result that the output of 1928 was 28 million sacks — twice that of the previous year.

Brazil depended almost entirely on the coffee market. She had other exports (cocoa, for instance, in which only the Gold Coast surpassed her output, and cotton) and she had industries capable of turning out enough textiles, clothes, shoes, tinware and furniture for her own needs. But her real energy was almost entirely devoted to coffee production; it accounted for 75 per cent of her export trade. America was her biggest customer, and from America she had bought a great deal since the war: the light and power companies in Brazil were America's; there

was a General Motors plant and a Ford plant. To Ford was sold the rubber concession of the district of Para (whose principal town is called Fordlandia). Great Britain has an immense capital investment in Brazil, but since the war it has been stationary; while America's investments which were almost nil in 1913 have been developing by leaps and bounds.

*Economic Crisis.* Enough has been said to show that the five most important South American Republics were rapidly becoming a commercial colony of the United States during the nineteen-twenties; the exporters lived on North American orders and the Governments, for the most part, on North American loans. Only two Republics stood outside the United States' sphere of influence. The Pacific Republic of Ecuador was saved from dependence on foreign markets by a pest which in 1925 ravaged her cocoa plantations; before that she had supplied 30 per cent of the world's cocoa, after that the world preferred to buy from West Africa. American lenders were not interested in tropical Ecuador, where the energy of politicians seemed exclusively devoted to a struggle between Clericals and Anti-Clericals. The oil concession went to Great Britain and the Anglo-Ecuadorian Oil Company drilled 400 wells and claimed to have an output of 18,000 tons a month. The Atlantic Republic of Uruguay escaped economic dependence for different reasons. It elected a Socialist Government which was thoroughly alive to the dangers of foreign money. The railway was British-owned but the British gave the Socialists their fullest co-operation, arranging for the free transport of seed potatoes, of wheat for sowing and of chemicals to combat pests. The Uruguayan Socialists did their utmost to prevent working-class discontent: they passed an Act enforcing a forty-eight-hour week, they put into practice a system of workers' insurance and of pensions for workers over the age of fifty, they made education free even in the University grade. With some justification they claimed that Montevideo with its 750,000 inhabitants was a model city and Uruguay the best-governed State on the continent, but their policy of refusing foreign loans prevented them from establishing industries of their own, and they remained dependent—if they were to buy industrial products at all—on the sale of their cattle, which was

inferior in quality to that of the Argentine and higher in price than that of Brazil.

With these two partial exceptions the South American Republics were dependent on the United States for money. All went well for ten years after the war, but in 1928, with the boom in U. S. industrial stocks, the flow of capital to South America began to dry up. Then came the Wall Street crash of 1929. The United States instantly recalled her short-term loans and cut down her foreign imports. Worst of all, the price of raw materials slumped. The South American Republics could not sell their produce except at a loss, and their Governments, whose revenue was chiefly from taxes on exports, were faced with ruin.

*The Year of Revolutions.* The natural reaction of the South Americans was to blame the Government. In each of the five Republics which we have discussed there was a revolution—five revolutions in the thirteen months between June 1930 and July 1931.

The first Government to fall was that of President Siles in Bolivia. In June popular riots drove him out, together with General Hans Kundt, his German Chief of Staff. General Blanco Galindo appointed himself provisional ruler until a new President could be elected. The elections returned Salamanca as President, and Blanco Galindo, with a foresight rare in Latin American militarists, resigned, leaving to Salamanca the unenviable task of saving Bolivia from the bankruptcy threatened by the slump in the price of tin. Bolivia was saved, but not by President Salamanca. The new British-American Tin Corporation came to an understanding with the Guggenheim group to raise prices by limiting the world supply of tin. This benefited their respective shareholders and helped the Bolivians; the only thing that can be said against it is that it made consumers pay twice as much for tin as they need have paid if the Malayan producers had been allowed to market their cheap product at their own price.

The second Government to fall was that of Peru. By June 1930 Peru's exports had fallen to half their former value. In July the Army led a revolt against the dictator Leguia; the President was driven out and replaced by the army leader Colonel Sanchez Cerro. The new man was personally popular—was he not, obviously, an Indian by birth?—



but he could not raise the price of petrol. The Peruvians began to listen to the Socialist preaching of the A.P.R.A. — its leader Haya de la Torre was an orator after their own heart — and after seven months Cerro was hounded into exile. But the Socialists were no more successful than he had been in raising the price of Peruvian products. In October 1931 Cerro was recalled and re-elected President, by a narrow margin of 54,000 votes over Haya de la Torre. More was to be heard of the latter and the A.P.R.A. There were Socialist (or Communist) revolts in 1932 (by then the copper mines were producing only a fifth of their usual output). Conservative politicians blamed Mexican and Muscovite propaganda. They might just as well have blamed the moon. Peru was bankrupt and ready for anything, even for radical reformers who reminded her people that they had not been independent since the days of the Incas, and that the Inca régime was Communist.

The next Republic to founder in the economic storm was Argentina — the most advanced country in South America both from the political and the economic points of view. In September 1930 General Uriburu carried out a successful "Fascist" coup, banishing Irigoyen, the Grand Old Man of Argentina. When he had exiled Irigoyen's supporters and forbidden the Radical Party — the only Nationalist party in the country — from putting up candidates for the Presidency, General Uriburu held an election and secured the return of another general, Justo by name, to the Presidency.

In October 1929 a "revolution" took place in Brazil — a country which in the course of its history as a Republic had never known a successful revolt. President Washington Luiz had asked for trouble: he was due to resign in 1930 and it was the turn of a Minas man for the Presidency, but Washington Luiz was trying to secure the election of his São Paulo friend, Prestes. A rising headed by two generals and an admiral disposed of Washington Luiz and of Prestes, and eventually a certain Getulio Vargas was made Provisional President. Dr. Vargas was to prove much the most formidable of South American leaders. He enjoyed the support of Minas Geraes and of the cowboys of the plains, but anyone less like a Gaucho could scarcely be imagined. Short, stout, and smiling only for photographers, he displayed a degree of political cunning marvelous even in a Brazilian. He began by abrogating the Constitution and declaring a dictatorship. By a series of social

reforms he succeeded in making dictatorship popular: he instituted the eight-hour day, fixed a minimum wage, began an unemployment-insurance scheme, and tackled the coffee problem by getting the Coffee Institute to put a heavy export tax on coffee and then to buy up millions of tons which it burned or dumped into the sea or mixed with tar for use as fuel. Thanks to these energetic displays Dr. Vargas was able to suppress in 1932 a revolt led by the State of São Paulo to restore the Constitution. In the following year the economic situation began to improve and Brazil's exports showed a comforting surplus over imports. This, and a new Constitution which Vargas vamped up for the occasion, secured his re-election in 1934.

The genius, or depths of perfidy, in Vargas became apparent only in his second term. Towards the end of 1935 he manufactured a Communist scare: Brazil was going to be made the booty of Bolsheviks, Rio was in peril from Moscow! The Army rallied to the cry, and Vargas was able to proclaim a state of war and imprison his political opponents without trial. Then, in November 1937, two months before the Presidential elections were due to take place, the Doctor played his trump card. He declared himself to be Dictator of a totalitarian State. "The new system is the consecration of authoritarian government," he told the *Lothal-Anzeiger*. Federal Brazil — liberty-loving Brazil — woke up to find itself saddled with a permanent dictator and a Constitution made up in equal proportions of Fascism and National Socialism. "Liberal democracy," the Brazilians were told officially, "has gone bankrupt the whole world over and all nations are marching resolutely towards the Right Wing to find stability in authoritarian government. Individualism nowadays is as dead as history. The state has become mysticized." It could hardly have been more clearly put.

The fifth revolution to follow the slump was in Chile. President Ibañez, with his policy of American loans and his taste for building skyscrapers on the New York model, was discredited. In July 1931 he was driven from office. Alessandri rushed back from Paris to stand in the forthcoming elections, full of schemes for the revival of Chile. He was defeated by the Conservative candidate, Dr. Montero. The new President was no more capable than any other South American ruler of raising the prices of his country's staple exports: copper was fetching a beggarly price and nitrates were falling almost as rapidly. Even if the

nitrate industry could be made to pay, the profits would go to Yankee shareholders. As the depression deepened, the Chileans began to listen with more sympathy to revolutionary schemes for reform. In 1932 the left-wing party overthrew Dr. Montero, and from June to October Chile was a Socialist Republic. Then the eloquence of Alessandri — the beloved Don Arturo — prevailed once more and he became President again. But early in 1933 "Cosach" went into liquidation; Chile was bankrupt.

The five "revolutions" of 1930-1931 settled nothing. They were not revolutions in the true sense of the word. The Republics remained essentially unchanged after them: there was the same oppression of Indians in the Northwest, the same oppression of negroes and white laborers in the East; there was the same jobbery and corruption by Governments, the same reliance upon the army and the other armed forces, there was the same mutual jealousy between the neighboring Republics, a jealousy intensified by the tariffs which each levied on the goods of the other in a desperate attempt to save the home market now that the export market was lost.

*The Chaco War.* A strong anti-Yankee feeling began to spread all over South America. Everywhere there was talk of the *Peligro Yanqui*. Hadn't the Yankees bought up their mineral resources? Hadn't they saddled them with a huge load of debt? As for the debt, the South Americans couldn't pay — that was all about it. Of the 1750 million dollars which the Yankees had invested in five South American Republics, 1300 million was in default by 1932. Why hadn't the Northerners the sense to insist that the loans be applied to productive purposes? The dictators had frittered the money away on their friends or hoarded it for themselves (the private fortune of President Gomez of Venezuela was estimated at \$30,000,000), and no doubt the United States would be glad of the excuse of default to interfere politically in the Southern Republics as they had interfered in the Caribbean.

So reasoned the South American politicians in the lean years. When the seventh Pan-American Conference met in the electric atmosphere of Montevideo in 1933, the twenty Latin American Republics were united in their distrust of the United States. Fortunately or unfortu-

nately, two factors served to break up this unity. The first was the conciliatory attitude of President Roosevelt, who sent Mr. Cordell Hull to Montevideo to announce that "no Government need fear any intervention on the part of the United States under the Roosevelt administration." The second was the war between Bolivia and Paraguay that had been raging in earnest since June 1932 over the swamps of the Gran Chaco.

With the Pan-American Conference in session at Montevideo and the World Economic Conference in session at Geneva, it should have been easy to put an end to the carnage in the Chaco. The League of Nations sent out a commission which reported that the war was being fought with modern weapons — airplanes, armored cars, flame-projectors, quick-firing guns, machine guns and automatic rifles — and that "the arms and materials are not manufactured locally, but are supplied to the belligerents by American and European countries." To stop the war, all that was needed, therefore, was to stop the export of arms to the Republics. The League passed a resolution to this effect, but the armament merchants took not the slightest notice of it. The conferences deplored the war, but the Governments continued to countenance the export of arms; and the fighting went on until June 1935. Even after that neither Republic was in a mood for a peaceful settlement: one military leader made himself President of Paraguay (General Franco, in January 1936), and another became President of Bolivia (General Toro, in May 1936).

The practice of selling arms with one hand and signing peace pacts with another was no more absurd than a dozen other practices which had vitiated American relations in the postwar period. The whole story savors more of *Candide* than of plain fact: lenders imploring — even bribing — South American Presidents to borrow; investors of the most democratic country in the world keeping half a dozen dictatorships alive by their investments; producers letting their crops rot in the fields while consumers went undernourished.

The crisis taught each part of the continent one lesson. President Roosevelt tried to allay the fear of *Peligro Yanqui* by appearing in person at the Inter-American Peace Conference at Buenos Aires in December 1936, and by taking steps to prevent any future negotiation of loans to foreign Governments on the part of private bankers. The

Southern Republics, on their side, learned that in an unstable world a nation's prosperity can be nothing but precarious if it is based on the export of one single product.

*Fascist Penetration.* This new mood in the Southern Republics synchronized with the desire of the Fascist States to develop markets in South America. The period 1934-1939 saw new suitors for the commercial favors of the continent. The trade of Germany and Italy with South America began to outdistance Great Britain's and to rival that of the United States. In Peru, where the dictator-president, Benavides, was an old friend of Mussolini, the air force was equipped with Italian planes. In Chile more German than British automobiles were sold, and the State air lines flew Junker planes throughout. In Brazil imports from the United States took second place to German goods in 1936 and 1937, Thyssen and Krupp bought iron concessions, and the Japanese bought a rubber concession in Para as large as Ford's. In Argentina Germany took Britain's place as supplier to the railroads, and the Italians conducted an extensive propaganda among the 2,000,000 Italian Argentinos.

The use of propaganda as the handmaid of commerce is not new in South America history — Britain and the United States have long been in the habit of subsidizing newspapers and university faculties — but the totalitarian States carried the practice further in the late 1930's than had ever been known before. In 1938 there were fifteen Nazi newspapers in Brazil, and the Germans were using their utmost endeavors to make good National Socialists out of the 900,000 German-speaking Brazilians. An abortive rising in Brazil in 1938 was proved to have been supported, materially and morally, by Germany, and a similarly abortive coup in Chile in the same year was believed — on excellent grounds — to have had German support. Italians in Argentina formed a third of the population, and envoys from Rome were successful in organizing many of them under the Fascist *Guardia Argentina*. As Carleton Beals pointed out (in *Foreign Affairs*, October 1938): "The struggle for trade and raw materials, in the course of which the so-called Fascist Powers have improved their position in the countries to the South, is undoubtedly being carried on with one eye cocked on the possibilities of world war. In the case of a major conflict, by means of

their emigrant colonists, their propaganda, and the influence of their banking and commercial enterprises, Germany and Italy might be able to interfere with the flow of supplies from Latin America to nations against whom they were fighting. Wars or revolutions fomented in Latin America at opportune moments might serve the same end. These possibilities may force us to a reappraisal of the Monroe Doctrine: territorial conquest is no longer the only European danger with which we have to reckon in Latin America."

Once again, and in a new sense, the New World was being called into existence to redress the balance of the Old. The reappraisal of the Monroe Doctrine was made, though in the vaguest terms, at the Pan-American Conference at Lima where it was declared on December 26, 1938, that the American nations believed in their solidarity, condemned racial and religious persecution, agreed to abide by liberal trade policies, and "faithful to these principles and to their absolute sovereignty . . . reaffirm their decision to maintain them and defend them against all foreign intervention or activity that may threaten them."

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## IV · CROSSCURRENTS IN CANADA

THE economic condition of Canada had much in common with that of Argentina. Each had a huge territory with a minute population—Canada 10 million, Argentina 11 million. Each had infinite undeveloped resources and one single resource—Canada wheat, Argentina meat—developed to such a pitch that the national economy was dependent upon its export on favorable terms. Each had the same fundamental economic problem: to develop other resources so as to avoid dependence on foreigners' demands for a single article, and to set up processing industries so as to make profits out of manufacturing, in part at least, some of their own raw materials.

Argentina did not realize this; she let herself be carried dizzily forward on the crest of the boom and was dashed to bankruptcy when the wave broke. Canada was better advised. She set to work to develop industries in Quebec and Ontario, protecting them by an ever-rising tariff wall. This policy of protecting manufacturers naturally involved trouble with the farmers. During the war they had increased their acreage under wheat by over fifty per cent, and they were loath to reduce it to suit postwar conditions. They had a grievance against the bankers and industrialists whose name carried so much weight at Ottawa—it was an open secret that the Parliamentary Committee of the Manufacturers' Association and the Bankers' Association had the whip hand over the Federal Government.

The farmers learned to unite. They formed a political party and won control of the Ontario Provincial Government in 1919. In 1921 they won sixty-five seats in the Federal Parliament. They called themselves the National Progressive Party and stood for the reduction of tariffs and the increase of Government aid to farmers. At the 1925 elections they won only twenty-five seats, but still they were strong enough to hold the balance between the Liberal and Conservative Parties. It was not until the great depression had set in, not until 1930, that a Conservative Premier, Mr. Bennett, was able to command a clear majority.

In 1923, when wheat prices were down to half 1919 level, the farmers of Alberta formed a pool to market their wheat collectively. In the following year, the other two wheat-growing provinces, Manitoba and Saskatchewan, followed, and a single bargaining agency representing 140,000 farmers was formed. Through the Wheat Pool farmers were able to get cheap capital and machinery and a higher price for their wheat.

*United States' Economic Penetration.* The policy of industrialization involved increased dependence upon Canada's southern neighbor. The Dominion needed capital and equipment, and both were to be obtained most cheaply from the United States. America's share in the total amount of foreign capital invested in Canada rose from 24 per cent in 1914 to 61 per cent in 1929; England's share fell from 71 per cent to 36 per cent in the same period. America's exports to Canada rose until in 1935 she was providing 58 per cent of the Dominion's total needs while England provided a mere 21 per cent. Many of the Dominion's industries were mere branches set up in Canada by American firms, and most of the coal used came from the United States, for the Pennsylvanian mines were nearer to the industrial centers than the mines of Nova Scotia.

In all this economic penetration there was no question of political annexation. Once the idea of union with the United States had been on the tapis — when Canada herself had asked for it in 1807 — but now a sturdy nationalism had grown up in Canada, and on America's side there was nothing to be gained by annexation. Political influence is necessary to back investments only when the Government of the debtor country is unstable: Canada had a stable Government whose members were alive to the advantages of the American connection. Indeed the Americans had a great deal to gain from Canada's remaining a member of the British Commonwealth, for by the simple process of setting up branch factories over the Canadian border American industrialists could get inside the British tariff ring and take advantage of any imperial preference there might be.

*Canada in Crisis.* Canada enjoyed a full share of the world prosperity of the nineteen-twenties. The Governor General at the opening of



Parliament in 1928 said: "Never in the history of Canada has there been such industrial and commercial expansion as that which has taken place during the last twelve months." Yet Canada was not spared a full share of the great depression. As Carl Wittke wrote in his *History of Canada*: "The crash on the Canadian Stock Market on October 29 and November 13, 1929, was the greatest in its history, and the losses of the investors were estimated at five billion dollars, as it became apparent that common stocks which had been preferred during the speculative craze to sound investments were of very little value. The railroads were affected almost immediately, and by 1930 freight traffic in Canada was the lightest in nine years, and passenger traffic had fallen to the level of 1909. The deficits of the Canadian National mounted with alarming rapidity, and even the Canadian Pacific eventually had to pass its dividends. In 1931, 161 stocks on the Canadian Exchange declined \$1,173,000,000; in the year following, the decline of 50 stocks was nearly five and one-half billion dollars. Tax receipts fell heavily and Dominion and Provincial budgets faced huge annual deficits. The specter of unemployment raised its ugly head everywhere and threw new burdens on the Government in the form of unemployment and poor relief. The suffering in the agricultural West became so acute that political upheavals of great significance occurred on the prairies; the collapse of the grain market brought suffering to thousands of farmers, and the Dominion Government found it necessary to give financial relief, not only to prevent suffering, but to keep some of the Provinces from defaulting on their public debts—a policy which would have endangered the financial structure of the whole Dominion. The external trade of Canada in spite of heroic efforts to find new markets fell off rapidly in 1930 and 1931, especially with the United States. The riots staged by Communists and unemployed in Toronto and elsewhere, and the mobbing of the Prime Minister and the Government buildings in Newfoundland early in 1932, were striking symptoms of a political disease that reached far down into the vitals of the body politic."

For these disasters Canadian opinion blamed the United States. The crisis had been precipitated by the Wall Street crash of 1929. In 1930 the States' attempt to protect their own industries injured Canada severely: the Hawley-Smoot tariffs hit 275 of Canada's exports to the

States. It was time for Canada to turn her connection with Great Britain to account.

*Relations with Great Britain.* If Canada was an economic annex of the United States, she was also a political Dominion of the British Empire. In the postwar years the imperial connection underwent a subtle transformation. Canada won the recognition of complete independence in foreign as well as domestic affairs. This right had been claimed before the war. Her lavish contribution of men and money in 1914-1918 won her the right to sign the peace treaties as a separate Power and to a separate seat in the League of Nations. In 1920 her right to establish legations in foreign capitals was recognized, though it was 1927 before the first Canadian Minister presented his credentials at Washington and then in law if not in fact he was the British King's Minister sent to represent "the interests of Our Dominion of Canada." A similar contradiction had arisen in 1923 when Great Britain had signed the Halibut Fisheries Treaty with the United States and the Canadian Minister had refused to sign in the name of the British Empire. The legal position was at last brought into line with the actual position at the Imperial Conference of 1926 and in the Statute of Westminster which defined — however vaguely — the status of a self-governing Dominion within the British Commonwealth.

At the Imperial Conference held in London in 1930 Mr. Bennett proposed that each Dominion should raise its tariffs against foreign goods and allow Empire goods in at the old rates. This did not fall in with the British idea of imperial preference and the Secretary for the Dominions dismissed Mr. Bennett's proposal as "humbug." Further discussion was postponed to the Imperial Economic Conference that met at Ottawa in July 1932. By this time Canada was feeling most acutely the effects of the crisis. It was expected in England that Canada would be ready to fall in with the plan for a general reduction of tariffs within the Empire, but Mr. Bennett knew that Canada's agriculture had nothing to gain and her industry everything to lose by imperial free trade. The agreements signed at Ottawa with Great Britain and the various Dominions provided for no reduction of tariffs; on the contrary, duties on foreign goods were raised so as to give com-

parative advantages to goods from the Empire. The Ottawa agreements were Canada's answer to the Hawley-Smoot tariff.

But it would be wrong to give the impression that Canada's policy was to play off Great Britain against the United States. The healthy development of the Dominion depends upon the harmonious relationship between the United States and Great Britain as a child depends upon the harmony between its parents. "The ideal condition for Canada," wrote the Frenchman André Siegfried, "is certainly that there be a fixed relationship between the American dollar and the pound sterling, and similarly, on the political horizon, no cloud to mar the friendship between Washington and London."

*Catholic Reaction in Quebec.* If Canada were an exclusively Anglo-Saxon country there would be little more to say about her future: we might confidently expect her continued development as an industrialized capitalist democracy on the lines of Great Britain and America. But the French Canadians — a minority of over three million persons, including nearly a third of the population — had never had much faith in the profit-grabbing democracy of the early twentieth century. Captaincy in the capitalist game they preferred to leave to others. When the crisis came in 1930 nearly three quarters of the business and money in Quebec were in the hands of English-speaking people. The French Canadians were inclined to see the crisis as the judgment of a just God. Their Catholic clergy encouraged them in this view. The priests had been busy extending Catholic action to every sphere of social life: side by side with the "international" trade unions, Y.M.C.A., Farmers' Co-operatives and educational associations they had set up rival church organizations to which all good Catholics were urged to belong. When the depression came the "international" organizations lost members but the Catholic societies advanced rapidly. The Catholic Labour Syndicates multiplied and flourished, the Catholic Farmers went into politics, the educational associations succeeded in banning English-teaching from the lower grades of the public schools. The culmination of all this came in 1936 when Quebec threw out the old Liberal Government and Premier Maurice Duplessis came into power.

Duplessis allied himself at once with Cardinal Villeneuve in a policy of Catholic authoritarianism. The Padlock Act of March 1937 gave the

Attorney General of Quebec power to close any building suspected by him of being used "to propagate bolshevism or communism." The police were authorized to seize any books or papers ventilating these undefined doctrines, and to enter and search houses without judicial warrant. Public money was poured into Catholic educational and youth associations, and preachers who criticized them were arrested and convicted of sedition. On the economic side a beginning was made in a policy of organizing employees and employers in great guilds or corporations.

Cardinal Villeneuve was loud in his protestations that all this had nothing in common with Fascism. Premier Duplessis insisted that Quebec would never secede from the Dominion. But the capitalist democracy of Canada, when it gets on its feet again, will have much difficulty in reconciling the religious nationalism of Quebec, which at last has learned to express itself in political and economic terms.

*The Plight of Newfoundland.* Newfoundland is an island not much bigger than Ireland with a population of not much more than a quarter of a million. No mention would be made of it in a book on this small scale were it not for the fact that its history stresses at least two things that are true of all American countries, and indeed of most of the countries of the world. The first is that among an uneducated people democracy is bound to be irresponsible and corrupt. The second, that the bankruptcies and revolutions of 1930-1933 were not caused by a malignant *deus ex machina* known as the World Crisis but by continuous malpractice throughout the postwar decade, malpractice which came to the surface in the bankruptcies and revolutions of the crisis years.

The Newfoundlanders are mostly poor fisherfolk living in scattered hamlets and faced with the rude task of earning in a three-months' fishing season enough to keep themselves and their families alive for the rest of the year. During the war there was a suddenly increased demand for fish. The ensuing profits went not to the fishermen but to the dealers—the system in Newfoundland was that the dealers fixed the price of fish and also the price of the equipment, clothes and food which the fishermen had no alternative but to buy from them. The politicians who ruled the island were drawn from the dealer class.

They had almost unlimited power: Newfoundland was the oldest Dominion, it enjoyed almost as much independence within the British Commonwealth as Canada herself. The profits of the war years filled them with unbounded optimism. The island would become an industrial center: had not one or two paper mills already been opened by newsprint concerns? The island would become a tourist center: were not the scenery and the trout and salmon-fishing second to none? In its anxiety to build roads and railways to attract tourists, the Government neglected the fisheries and plunged the Dominion into debt. In the twelve years after 1918 the public debt was increased almost threefold till it reached the fantastic figure of \$400 per head of a chronically poor fisher people. It needed but the mildest push from the World Crisis—the drying up of the thin trickle of tourists, the drop in the price of wood pulp and of fish—to topple the island into bankruptcy from which it had no prospect of emerging for several generations.

In 1933 a Royal Commission was appointed by the King “to examine into the future of Newfoundland and, in particular, to report on the financial situation and the prospects therein.” The report of the Commission presented the interesting spectacle of Britons damning wholeheartedly a capitalist régime of a British Dominion. “The evidence tendered to us from all sides and from responsible persons in all walks of life,” reported the Commissioners, “leaves no doubt that for a number of years there has been a continuing process of greed, graft and corruption which has left few classes of the community untouched by its insidious influences.” The upshot was that Newfoundland abandoned its right to self-government and gave up its administration to a Commission appointed by Great Britain.

The remark quoted from the Newfoundland Report would apply almost equally well to every country on the American continent. In almost every country “the process of greed, graft and corruption” continued unabated through the years of crisis that followed 1930. Only in the United States was a wholehearted attempt made to check the process. This attempt we are now to describe.

## V • THE ROOSEVELT ADMINISTRATION

THE crisis which had shaken the United States in the fall of 1929 deepened in the years that followed. President Hoover had no idea how to cope with it. He began by denying that it existed, but businessmen were not susceptible to such crude psychological treatment. Then he tried priming the pump by public works, but while Federal expenditure on public works doubled, State expenditure halved; and the depression remained. Finally he tried supplying credit to the big business undertakings, setting up the Reconstruction Finance Corporation in February 1932 to make loans in support of banks, railroads and insurance companies; but the recipients could find no profitable outlet for the money they received. Business rallied a little, but the little man was no better off. In November 1932 the Presidential elections were held, and elections were won by the little men. Hoover polled sixteen million votes; his rival, Franklin Delano Roosevelt, whom Walter Lippmann described at the time as "a pleasant gentleman with no important qualifications for the Presidency," polled twenty-five and a half million. It was a record victory for the Democrats.

During the four months between the election and the inauguration of the new President, the condition of the country went from bad to worse. In spite of everything that Hoover had done to stimulate recovery, the whole gigantic business machine was coming to a standstill. He had laid out a thousand million dollars in the purchase of securities through the RFC, hundreds of millions in municipal, State and Federal loans, nearly five hundred million in an attempt to raise prices through the Federal Farm Board, yet securities and farm prices showed no increase at all and unemployment showed a great deal. The gross income of farmers in 1932 stood at half the sum of 1929. Unemployment figures rose from three million in early 1930 to fifteen million in January 1933. One American laborer in every six was out of work; there was no unemployment insurance, no dole except the trickle that flowed through local and State agencies of relief, no poor

law except vestiges of the Elizabethan law of sixteenth-century England. Nearly twenty million people were facing starvation in the early months of 1933.

Nor were any signs of improvement in sight. Seeing ahead an unbalanced budget and a depreciated dollar — both bogies in those days — American depositors began to withdraw their money from the banks. Panic followed. To save the banks of Detroit, the Michigan Government declared a bank holiday in February, but the Detroit employers had to find cash to pay their workers and so drew on their accounts in the neighboring cities of Cleveland and Chicago. Consequently bank holidays had to be declared in Cleveland and Chicago; and thence the creeping paralysis spread over the Union until, after nineteen days, the banking system of the whole country had come to a standstill.

*Roosevelt's First Year.* It was in these circumstances that Franklin Delano Roosevelt was inaugurated as President. In a sense the very immensity of the crisis made the task of the President easier, for now at last the American people were ready for drastic Federal relief measures. They looked to Roosevelt for immediate and dramatic action; and Roosevelt did not disappoint them.

He began his Presidency by declaring all banks closed for a period of four days — later extended to a week — thus taking the matter out of the hands of the States and making himself and the Federal Administration responsible for finding a solution. On Sunday night, a week after his inauguration, he addressed the American people over the radio in the first of his fireside talks. Very quietly and very seriously he said that he proposed to reopen some of the banks on the morrow and asked them to deposit their money: it would be safer there, he added, than in the mattress. Roosevelt was taking his first risk. It succeeded. When the banks reopened there were queues at the doors, queues of people anxious to increase their deposits. In the first ten days of his administration, the President had put an end to panic.

Though panic was allayed, the crisis remained. Luckily for America, Congress was convinced of its seriousness and was ready to short-circuit all delay by putting extraordinary powers in the hands of the President. He was faced by three enormous and interlocking problems — fifteen million unemployed, two farms out of every five under

mortgage, and what amounted to a standstill in industry. Let him solve them in his own way! Almost without debate, Congress passed the legislation necessary to enable the Administration to carry out what the President termed a New Deal.

The purposes of the New Deal have commonly been described as the three R's: Recovery, Relief, and Reform — Recovery meaning that the capitalist system of private enterprise in business should be set on its feet again, Relief meaning that Federal aid should be given to the forgotten men, particularly farmers and unemployed, Reform meaning that the most antisocial abuses of private capitalism should be checked by Federal interference. These three purposes were intertwined in almost every important act of the Roosevelt Administration. Any attempt to treat them under separate headings would destroy the chronological nature of this narrative, but we shall see that their confusion and the failure of Americans in general and of Roosevelt in particular to realize their inherent contradiction lay at the roots of the elements of failure in the New Deal.

In the early days of 1933 the first necessity appeared to be the raising of commodity prices. If prices rose, industry would revive; if industry revived, more men would be employed; if more men were employed, consumers' demand would increase and industry would expand again. In order to raise prices Roosevelt attempted first to increase the amount of sound credit made available to industry through the banks. For this purpose he instituted a Federal Depositors' Insurance Corporation to entice banks into the Federal Reserve system by guaranteeing their deposits. This scheme had two weaknesses: in the first place it acted as a premium on bad banking, for bankers were no longer answerable for their mistakes since depositors' money was recoverable through the FDIC; and in the second place Roosevelt had lost a golden opportunity for placing all bankers under central control. At the same time his attempts to check the issue of unsound capital had the effect of frightening financiers and of making capital less instead of more easily available to industry. The new Securities and Exchange Commission, which demanded that everyone wanting to sell stock should register their enterprises with and provide all manner of information to the Commission, aroused the undying opposition of Wall Street.



Roosevelt's second attempt to raise prices took the form of lowering the purchasing price of the dollar. He tried to achieve this through an amendment to the Farm Relief Bill which authorized an increased printing of Treasury Notes and empowered the President to reduce the gold content of the dollar. This tended to frighten Americans brought up on more orthodox economics, and the recovery which had begun underwent a setback which was not ended until the Gold Reserve Act of January 1934 tied the dollar to roughly sixty per cent of its old value. Meanwhile the Reconstruction Finance Corporation was lending to banks by purchasing their preferred stocks. Again the attempt to expand the currency failed, for the banks, seeing no profitable outlet for loans to industrialists, reinvested the money in Government stock.

It was obvious now that more constructive Federal measures were necessary if prices were to be raised. The application of the two most important Acts of the period was the outcome of this realization. The Agricultural Adjustment Act was aimed at benefiting the farmers—the section of the community which had felt the boom of the 'twenties least and the slump of the 'thirties most. It involved three new radical principles. First, farmers were invited to sign contracts to reduce crops: they were paid to deliver six million little pigs for destruction in the summer of 1933 and to plow in one row in every four of standing cotton. Second, the benefits to farmers were financed by taxes on the industries processing their products. Third, the farmers were induced to combine in marketing agreements for foodstuffs. The result of all this (and, it may be added, of a God-sent drought in 1934 which did more than any Government could do to decrease output) was to force up the price of agricultural commodities. But although this was exactly what the Administration had intended, it brought with it a terrible danger. Higher prices, especially for food, meant additional privations for America's wage earners. Unless wages could be raised in some proportion to prices, recovery could be nothing but an illusion.

This consideration underlay much of the second great enabling measure—the National Industrial Recovery Act, the object of which was to increase workers' purchasing power by spreading employment through shorter hours without reduction of wage rates. The powers given to the President under NIRA were enormous and vague. To

exercise them he set up the National Recovery Administration which, under the vigorous leadership of General Hugh S. Johnson, was soon employing 4500 persons and spending over \$13,000,000. The method adopted by NRA was to invite employers in each industry to prepare codes providing for a minimum wage, a maximum working week and the abolition of child labor. These codes were to be given a public hearing in Washington at which committees representing workers and consumers would give evidence. The President would then modify or approve the codes, which, once approved, would have the force of law. The NIRA, it was hoped, would help the employers by eliminating pricecutting and "unfair" competition, the employees by better hours and higher wages, and the country at large by raising the purchasing power of the community.

A terrific drive for the codes spread over America in the summer of 1933. General Johnson urged industries to cut short the preparation of elaborate and final plans and to put forward blanket codes. He stirred up public opinion by giving every employer who accepted the codes a badge to display—a Blue Eagle badge with the motto "We do our part." The President struck a more persuasive note over the radio: "The proposition," he said, "is simply this: If all employers will act together to shorten hours and raise wages we can put people back to work. No employer will suffer, because the relative level of competitive cost will advance by the same amount for all. But if any considerable group should lag or shirk, this great opportunity will pass us by and we will go into another desperate winter. This must not happen."

Events proved that the President was asking too much. In spite of a month or two of vociferous acclamation of NRA and all it stood for, in spite of the display of the Blue Eagle in nearly every shop in the land, a great many important industrialists sabotaged the code principle: some, like Henry Ford, refused to be party to any agreement about wages, others signed codes and proceeded to violate them. The winter of 1933 came and some twelve millions were still unemployed.

*Public Works.* Roosevelt turned to a new method of promoting recovery. The AAA had reduced the income of America from agriculture; the NIRA had spread the existing amount of work over more

people: what was wanted was to increase the national wealth by increasing the amount of productive work. The slogan for the future was to be Public Works and yet more Public Works.

In 1933 Roosevelt had taken over the whole miserable patchwork of public assistance in the States and municipalities of America and organized an Emergency Relief Program. This was a two-edged tool. The first part was intended to soften the impact of unemployment on young unmarried men. A Civilian Conservation Corps was enrolled to take boys out from the city slums to camps on the forest land. In two years they had planted millions of young trees, built hundreds of thousands of dams, laid tens of thousands of miles of roads, raised observation posts and telegraph lines. They had spent fifteen million man-days in fighting forest fires and had done work to the value of about \$300,000,000. In November 1933 the second part of the scheme had been set up, the Civil Works Administration, to distribute to local authorities enough money to put four million men to work on any jobs that could be found for them — painting public buildings, laying out recreation grounds and the like. Within three weeks the CWA had four million names on its books and was distributing fifty million dollars a week.

But the Emergency Relief Program, dealing generously with twenty million applicants during two years, was too extravagant. It cost the Federal Treasury some \$4,000,000,000 at its peak. In 1935 the President reorganized it and substituted a Public Works Administration, which was to work on longer-term projects. Again it was complained that the PWA was too extravagant, though with this opinion the three million voters who were employed under its auspices were inclined to disagree.

A more telling criticism of public works in general is that they tend to be temporary expedients applied as palliatives to relieve an immediate depression. From this criticism only one of Roosevelt's experiments was altogether free. This exception, the Tennessee Valley Authority, is of the utmost importance. In May 1933 a watershed area covering parts of seven States was put under a Federal-controlled Authority "to improve the navigability and to improve the flood control of the Tennessee river; to provide for the reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agri-

cultural and industrial development of the said valley; to provide for the national defence by the creation of a corporation for the operation of Government properties at and near Muscle Shoals."

The TVA, which by 1935 was employing 16,000 persons, began by restoring the dam at Muscle Shoals and erecting the new Norris, Wheeler and Pickwick Landing Dams. These works had three purposes: increased navigability, flood control and the generation of electric power. They also involved land-planning and road construction, re-forestation and agricultural research, the production of fertilizers and nitrates and the transmission of cheap electricity. Very soon the TVA was producing results that surprised even its founders. Thanks to cheap electric power, retail prices were cut by fifty per cent and members of rural communities whose huts had reeked of kerosene for generations found themselves using electricity for lighting, cooking, and even for ironing and heating. The residential consumption of electricity in Tupelo (Mississippi), for instance, increased by 267 per cent in twenty-two months; that of Athens (Alabama) increased by 272 per cent in eighteen months. Farmers were helped by operations to check erosion, by terracing-works on the slopes, and by the distribution of cheap fertilizers. New industries were created in the little towns and a whole new city was built at Norris, where advanced experiments in housing and land-planning were carried out and a research department discovered local beds of kaolin which were developed for the manufacture of many types of ceramics that had never before been manufactured in the United States.

There was much opposition to the TVA, particularly from the private electric-power corporations, one of which carried a case before the Supreme Court. The Court's decision vindicated the TVA, which remains to this day the greatest experiment in regional planning outside the Soviet Union. But the Constitution of the United States prevented the extension of the Tennessee experiment on any large scale.

*The Forgotten Men.* President Roosevelt's long-term policy for alleviating the poverty of America's "forgotten men" was not public works but social insurance. The Social Securities Act which came into operation on January 1, 1937, included services for various categories

of poverty and child welfare, particularly a contributory insurance scheme for old-age pensions at sixty-five, and a system of unemployment insurance. The programme was to be operated jointly by Federal and State Governments. As far as old-age pensions were concerned, the Federal Government would pay half of an old-age pension up to a combined maximum of thirty dollars if the State paid the other half. Many States were slow and niggardly in making contributions, and one (Virginia) had made none at all by 1939. In addition to this there was a plan for annuities for workers retiring at the age of sixty-five, based on a tax on wages, half to be paid by employers and half by employees. For unemployment insurance, each State was asked to set up its own scheme, and by Christmas 1938 most had complied and benefits were being paid out to over a million claimants.

In pursuit of the President's policy of remembering the forgotten man, the right of employees to bargain collectively for wages and general conditions was given statutory recognition. The principle was recognized in Section 7(c) of the NIRA and was put on a more stable basis by the Wagner Act of 1935 which set up the National Labor Relations Board. The Wagner Act laid down that employees had the right to organize themselves in trade unions of their own choice, to bargain collectively through their own representatives and to take concerted action for their own protection; it also proclaimed that an employer who interfered with the employees' right to organize was guilty of "unfair labor practices."

This legislation led to a great increase in American trade unionism. The increase would have been greater and more effective but for a split in the ranks of organized labor. Employers favored organizations of the company-union type, which were confined to men working for one single employer. The skilled workers favored unions confined to workers in one single craft, these unions being centered in the American Federation of Labor. The hotheads in the labor movement, led by John L. Lewis, preferred to ignore the difference between skilled and unskilled workers and to combine those working in every branch of a given industry in one big union, centered in the Committee for Industrial Organization. Soon it became obvious that the company unions were things of the past, and that the future lay with the A. F. of L. and with John L. Lewis' Committee — and chiefly, no doubt,

with the latter, for by 1938 Lewis had four million men behind him and his Committee, unlike the conservative A. F. of L., was pledged to political action.

Roosevelt's reforms had justified his own description of them. They did in fact constitute a New Deal. In 1929, at the height of America's prosperity, the poorest forty-two per cent of the population had not as much income as the handful of rich men who constituted one tenth of one per cent. Roosevelt, by his aids to farmers, by the codes, by public works, social services and relief expenditure, had indeed dealt the national income a little more evenly among the citizens of the United States. It is not to be expected that the rich would thank him for this. No sooner was the depth of the depression passed, no sooner were the industrialists and financiers recovered from their panic of 1933, no sooner were they confident of the money-making possibilities of the future, than they rounded sharply on the Administration. Federal interference, which had seemed a life buoy in the shipwreck of 1933, now seemed a millstone about their necks.

*The Opposition to the New Deal.* There was a great deal of reason in their criticisms. The AAA had restricted farm output and it was ridiculous "to pay farmers for not raising hogs." The NIRA was indeed an ill-conceived, unco-ordinated, ill-administered monstrosity: "In the Act and its administration, such opposites as production restriction and increased use of productive facilities, price-fixing and freedom of competition, vastly shorter hours and higher standards of living, drastic economy reform and recovery, public works to stimulate the heavy-goods industries and restriction of new private investment constituted an assembly of contradictions."<sup>1</sup> The billions of dollars spent on public works was naturally taken as a menace to fiscal stability. The restrictive currency policy had wrecked the World Economic Conference (see page 450) and caused a setback in international trade. The encouragement of trade unionism had led to ugly strikes and to much misguided demagogic radicalism in the ranks of Labor.

These criticisms, which were made with some justice and much

<sup>1</sup> Charles Frederick Roos in *NRA Economic Planning*.

heat over all the capitalist-controlled organs of propaganda in 1935, could, of course, be answered. Under the AAA the farmers had been relieved of much of the debt and all their despair. "Whatever were the NRA's shortcomings," to quote C. F. Roos again, "no other Governmental agency ever aspired to such comprehensive reform—the fixing of minimum wages and the shortening of hours of work to abolish the sweatshop, the encouragement of unionization for collective bargaining, the codification of fair trade practices, the out-lawing of child labor and a host of others." The NRA might be a failure, but it was a glorious failure. Public works might be extravagant, but they had saved millions of American citizens from starvation. The managed dollar might have retarded the recovery of international trade, but by 1935 that trade was indubitably recovering.

But, though Roosevelt might defend his New Deal against criticisms of detail, there was one charge that he could not defend it against, and that was a criticism of principle. The New Deal involved a new conception of the scope of Federal Government. Ever since the Civil War Americans had regarded Washington as "a distributor of a national surplus to an economic system run on the basis of free enterprise." Roosevelt had threatened to alter that basis by making the Federal Government the guarantor of security for every section of the community—security for farmers through the AAA, security for purchasers of stocks and bonds through the Securities Act, security for bank depositors through the FDIC, security for debtors by the devaluation of the dollar, security to industry by eliminating unfair competition through the NIRA, and to workers through the codes, the social services and the Wagner Act. The whole conception of the Federal Government as a guarantor of security was outrageous to rich Americans brought up in the atmosphere of rugged individualism, of ever-expanding frontiers and ever-increasing markets. They wanted Federal relief to business without Federal control. They wanted a return to the prosperity of the 'twenties. Roosevelt believed that such a return was impossible, if not—remembering 1929—undesirable; he looked forward to a new basis for American prosperity.

It must not be imagined that there was anything unique about this new basis which the New Deal foreshadowed. England had had Wage Arbitration Boards long before the Great Depression was thought of.

Italy had had nationwide schemes of public works for a decade, Russia had been working on central economic planning ever since the Revolution. Even the proposals to curtail production were not uniquely American: Holland and Denmark restricted the output of pigs and cattle during the crisis, France limited her acreage under wheat, Japan controlled tea and rice output, India controlled jute and Egypt cotton production, and Brazil's National Council ordered twelve million bags of coffee to be destroyed in 1933. Subsidies to wheatgrowers had been paid by the British Government for a decade, and the money had been found by the means later adopted in the United States — by a tax on "processes." The Roosevelt experiments were in danger not because they were unique, but because they were new to America. Older nations were attempting New Deals of their own within the cumbersome framework of democratic constitutions, but nowhere were the cards dealt so rapidly and in so many directions as in the United States under Roosevelt.

The Constitution of the United States had been based upon the old conception of individualism and of State rights. It was obvious that once the New Deal was laid before the Supreme Court many aspects of it would be condemned as unconstitutional. This is what happened in the summer of 1935. The Supreme Court did not condemn the Securities Act, the FDIC or the devaluation of the dollar and it gave its blessing to the social-services Act by a small majority, but it condemned the Railroad Pension Act, the Farm Mortgage Moratoriums Act, and vital sections of the AAA and the NIRA.

This was a terrible blow for the Administration. The President showed fight, threatening to introduce legislation to reform the constitution of the Supreme Court, yet he had to recognize the power of the forces that were ranged against him. A social revolution, even of so mild a nature as the New Deal, was not easy to put through under the rules of a Federal Constitution devised to meet eighteenth-century conditions, especially if the majority of the judges who decided its interpretation happened to be associated with a political party that was opposed to the Government.

But this outlawing of so many of Roosevelt's measures did not put an end to the New Deal. Whether unconstitutional or not, the Administration's action had led the nation back to a relative prosperity.



A Brookings Institution survey noted in 1936 that "Recovery has been under way for approximately four years. The purchasing power of the industrial working population has been expanding in proportion to the recovery of production. Similarly the stability of the prices of manufactured goods has contributed in a vital way to the rise in the real purchasing power of the farm population." In a word, Roosevelt had delivered the goods, and it was the knowledge of this that led the American electorate to ignore the preaching and screeching of nearly every important newspaper columnist and broadcaster and to return Roosevelt by a huge majority for a second term of office at the Presidential elections of 1936.

*The Recession and After.* The President had taken warning from the storm of criticism that the elections had unloosed. He began his second term in moderate mood, expressing concern at the mounting public debt and ordering reductions in Federal borrowing and increases in Federal tax receipts. Oddly enough, it was this very moderation which swelled the storm that was brewing over his head. When in the middle of 1937 the President's bill to reform the Supreme Court came before Congress, the storm turned to hurricane force.

A crisis of confidence set in. American investors, feeling that the whole basis of the Roosevelt recovery schemes was unsound, began to withhold their money. Certain financiers, anxious to wreck the Administration, withheld investments from political motives. The result was what Colonel Ayres first called "a sit-down strike of investors." The strike had most alarming repercussions: lay-offs, reduced wages, dwindling purchasing-power and consumption, more lay-offs — until after three months most of the gains of four years of recovery had been lost.

The recession of the latter part of 1937 was the most serious blow that Roosevelt had yet had to meet. It was enough to make the Administration lose faith in every plank in its platform. But Roosevelt was not the man to lose heart. He saw now that the danger did not lie in the Supreme Court, especially since there had been changes in its personnel and in its attitude towards the New Deal. In his view the relapse was due to his own reductions of Federal borrowing and to the machinations of political opponents. His answer was not to

modify his policy, but to intensify it. He resorted to a gigantic scheme of Federal lending. He asked Congress to vote a further \$1,250,000,000 for priming the pump of industry, and Congress voted it. (Later the vote was increased to four billion dollars.) At first business proved recalcitrant but in June 1938 the waters began to gush from the pump again, preceded by a sudden and amazing spurt from the stock market.

Now the President was in the most difficult period of his career — the 'middle year of the second term of office. As the London *Times* (whom no one will accuse of radicalism) put it, "Mr. Roosevelt, himself of the silver spoon tradition, has created the same kind of sensation as Mr. Lloyd George produced in this country [England] thirty years ago. In simple, crude terms which nobody can help understanding he has forced the issue of Rich versus Poor; and by so doing he has earned the hatred of the well-to-do. Of the newspapers, discreetly controlled by advertizing interests, at least 90 per cent. [*sic*] are either bitterly hostile or coldly critical. In social, financial, and business circles only eccentrics find anything to say in his favour. The visitor who comes most readily in contact with such circles will wonder where the President gets his votes. 'Every one is against Roosevelt,' as one foreigner remarked, 'except the electorate.'"

Roosevelt's problem was how to get at the electorate. It was all very well to beguile them by fireside talks over the radio. In elections to Congress they did not vote from the fireside but through the political machines of the two great parties. The Republicans were naturally his enemies, and now there were defections in the Democratic camp, for Roosevelt had twisted the Democracy Party from being the champion of State liberties to becoming the supporter of Federal controls. In preparation for the primary elections of 1938 he toured the country in an attempt to blacklist Democrats who opposed the New Deal. On the whole, the tour was a failure. When November came, the elections showed a sharp decline in the numbers of New Deal supporters both in the House of Representatives, where the Republican strength was increased from 90 to 165, and in the Senate, where it rose from 16 to 23.

Roosevelt still had a working majority, but it could no longer be relied upon. He was faced with the alternative of driving ahead with the New Deal and creating, perhaps, a new party alignment in

Federal politics so that instead of Republicans facing Democrats on the old basis of sectional interests, Progressives might face Conservatives on a national basis; or else of modifying his plans so as to placate his opponents in the Democratic camp.

The vital criticism of the opposition—which included the vast majority of American businessmen—was that Roosevelt's measures were discouraging the goose that laid the golden eggs. In matters sociological the capitalist producer might be a goose, but in the America of the 1930's there was no one else to lay eggs, though it might be possible for Government control to incubate them. The truth would seem to be that the three R's which were the basis of the New Deal were not compatible. Recovery and Reform, especially, worked in opposite directions. The former meant subsidizing the economic system and holding out a steady prospect of high profits to private enterprise; the latter involved taxing industry and interfering with business practices so as to ensure what Roosevelt described as "the continuous responsibility of the Government for human welfare." The New Deal had got a long way towards Relief, and a considerable way towards Reform, but the road to Recovery was still unpaved when the year 1939 began.

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## PART SEVEN: WORLD SURVEY

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## I · INTERNATIONALISM ON TRIAL

THE most important result of the great war of 1914-1918 was the desire for peace which it engendered in the citizens of all countries, and the realization that peace could not be secured by Power politics, but by international co-operation alone. For fifteen years after the armistice statesmen of all lands spoke in terms of internationalism, however they may have thought or acted. Their words expressed something deep in the hearts of the people they represented, and though the experiment in internationalism which is symbolized by the word "Geneva" was to prove a failure, that failure illustrates not so much a change of heart as the fact that hearts were not whole. Reason demanded internationalism; emotion and immediate expediency demanded nationalism. In that conflict lies the essence of the tragedy of the postwar world.

*The League's Achievements and Limitations.* The League of Nations was founded in 1919 —

"In order to promote international co-operation and to achieve international security

"By the acceptance of obligations not to resort to war,

"By the prescription of open, just and honourable relations between nations,

"By the firm establishment of the undertakings of international law as the actual rule of conduct among governments,

"And by the maintenance of justice and a scrupulous respect for all treaty obligations in the dealings of organized peoples with one another."

The primary function of the League, therefore, was to prevent war, and it is worth remembering that in this the League was not without success in its early days. In 1920 Sweden and Finland were at loggerheads over the Aland Islands, and there seemed to be every proba-

bility that they would resort to arms. Though neither nation was then a member of the League, the Council invited them to submit to arbitration under Article Eleven of the Covenant, by which "Any war or threat of war, whether immediately affecting any of the members of the League or not, is hereby declared a matter of concern to the whole League, and the League shall take any action that shall be deemed wise and effectual to safeguard the peace of nations." The action taken was to accept the evidence of an international committee, which decided that the islands belonged by right to Finland. Sweden accepted the decision, and the Åland Islands were incorporated with Finland, with the provision that they should not be fortified and that the islanders' cultural rights should be protected by an autonomy statute.

Arbitration by the League proved equally successful in Silesia, where the Powers had failed to get Germany and Poland to accept a settlement worked out on the plebiscite figures, and in Memel where Lithuania had seized a German-speaking district and was compelled by the League to grant the inhabitants a statute conferring provincial autonomy upon them. In all these disputes the League's decisions were based on the decision of experts drawn from disinterested Powers, and a similar technique was adopted in drawing up the frontiers of Czechoslovakia and of Denmark.

Soon the League's activities were extended from preventive to constructive work. In 1922 Austria and Hungary were facing starvation and bankruptcy. They needed financial help which only the Great Powers could provide. But it was not likely that they would provide it without imposing indirect political control upon the recipients. By granting loans through the League and sending League Commissioners to Vienna and Budapest to supervise their expenditure, Austria and Hungary were saved from bankruptcy without being robbed of independence.

The year 1925 was the most successful in the League's history, for two wars were averted by its action. In Mosul, Turkey was on the verge of aggression against Iraq for the right to rule the Kurds when the League stepped in and decided that Mosul belonged by right to Iraq. Turkey, with a bad grace, accepted the decision. In Macedonia a frontier incident led to an invasion of Bulgarian territory by Greek troops. Both nations mobilized, but a telegram from Geneva ordered

hostilities to be postponed. Subsequent deliberation proved that the Greeks were in the wrong. They were ordered to withdraw their troops and the Balkans were saved from becoming once more the cockpit of Europe.

But in this catalogue of triumphs there was one blot. In one instance the League had failed. It seemed a minor failure at the time, but subsequent events were to show that it epitomized the fundamental weakness of Geneva. In 1923 some Italian boundary commissioners were murdered in the Greek island of Corfu. Mussolini demanded heavy indemnities — and bombarded, and subsequently occupied, the island. Greece appealed to the League, but Mussolini refused to accept Geneva arbitration and insisted that the matter be referred to the Council of Ambassadors. He got his way, and though the Italians evacuated Corfu the Greeks were forced to pay an inordinate indemnity. This was the first case in which a major Power had refused to submit its case to the League; and the League had meekly accepted the refusal.

The fact is that, as the Covenant clearly reveals, the League was not intended to be a World Federation or a Super-State but simply a League or, as the French title describes it, a Society of Nations. No member nation forfeited one jot or tittle of its sovereignty, for every important decision of the League had to be by unanimous vote, and failing unanimity, the pledges given by members to combine against States convicted of making aggressive war would not be valid. It may be said therefore that the League had no power of coercion; its powers were limited to suggestion and suasion. The League embodied no new political ideal: it was simply and solely the latest embodiment of the old Liberal ideal.

Its functions became in practice those of a club and a newspaper. But to say that is not to cast any slur on its importance. As a club it provided a regular meeting place such as had never before existed for the leaders of every nation (even nonmembers sent their official "observers" to Geneva), a meeting place where discussions of matters of international interest proceeded regularly and naturally, where loans were subscribed for needy members, and where countless agreements of mutual advantage were reached. In its newspaper function it compiled and published statistics on every subject from currency to cholera, and gave publicity to scandals as old as piracy and as new as the pri-



vate manufacture of armaments. Its Mandates Commission did all that publicity could do to shame the victorious Powers out of misusing their mandatory authority in their own interests, and the Minority Commissions to shame State Governments out of the ill-treatment of their national minorities. The International Labor Organization tried to secure a living wage and decent labor conditions for the working classes by inviting Governments to ratify conventions concerning minimum wages and maximum hours and the general health of employees. An incalculable amount of persecution and misery was saved by this League publicity, but the basic abuses remained owing to the League's lack of coercive power. Some Mandatories persisted in treating their mandated territories as colonies to be exploited for their own profit—notably the French in Syria and the South Africans in West Africa. Many Powers persisted in defying the Minority Commissions—notably the Poles, who announced in 1934 that they did not intend to accept League interference in the treatment of the Ukrainians. The conventions of the I.L.O. were seldom ratified; the most important of them, the Washington Hours Convention of 1919, was accepted by no important industrial countries except Belgium and Czechoslovakia, and the thirty other conventions were received no better. The average number of States to ratify each convention was less than nine—out of fifty-eight members of the I.L.O.

Yet it is well that the League had no coercive power in the early years of its existence, for otherwise it would most surely have been used in the selfish interests of the victors of Versailles. The nation that urged most strongly a revision of the Covenant, so as to give the League an army with which to enforce its decisions, was France; and France intended that army to be used against the Powers who demanded a revision of the Versailles Treaty. At first the League was little but a congress of victors: the Central Powers were not admitted for some years, and it was 1934 before the Soviet Union was allowed to become a member. The Council of the League consisted at first of four major Allied Powers with permanent seats (Great Britain, France, Italy and Japan), and of two minor Allied Powers (Belgium and Greece), and only two others (Brazil and Spain) with temporary seats. Even in later years, when Germany was given a permanent seat and the number of temporary seats was increased to nine, the Ver-

sailles bloc still controlled the Council, for the convention was established that of these nine one should always go to Poland, one to a British Dominion, one to Spain, three to Latin American Republics, leaving three for the remaining States to squabble for. The truth is that the world was still thinking in terms of Sovereign States and the Balance of Power, and if Geneva had been given coercive power before public opinion was ready to accept super-national authority, the League would surely have foundered and all progress in the direction of world federation by means of club-and-newspaper activities would have been at an end.

It was inevitable, in view of its Constitution and the insistence of public opinion upon national sovereignty, that the League should prove impotent in the world crisis. Attempt after attempt was made to remove the obstacles to economic prosperity which had brought on the crisis, and each failed as soon as one nation's interests were seen to be threatened. In 1929 Mussolini tried to impose a revision of the treaties upon Poland and the Little Entente by obtaining the signatures of Great Britain, France and Germany to a Four Power Pact, but by the insertion of a clause promising to "respect the procedure of the League" the Pact was nullified: that procedure was by unanimous vote and therefore the veto of either Czechoslovakia, Yugoslavia, Rumania or Poland could successfully block revision. In 1932 an attempt was made by Beneš, the Czechoslovakian minister, to restore Central and Eastern Europe as an economic unit by creating a Danubian Customs Union by which the manufactures of Austria and Czechoslovakia might be freely exchanged for the foodstuffs of Hungary, Rumania and Bulgaria. But Germany and Italy were jealous, and the Union was stillborn.

In that same year, the League gave the most shocking demonstration of its weakness—in the Manchurian affair.

"That this whole Manchurian precedent should be clearly grasped is vital for the League's future. It is now established that in a dispute brought before the League, no practical consequences will necessarily follow, though one of the disputants submits itself throughout to the procedure of the League, accepts its finding, and pleads for its aid, while the other, after disputing its jurisdiction, finally quits it and continues his aggression. It is established that one member of the League's

Council may, to avenge an assault on a few of its nationals for which ample satisfaction was offered, bombard and destroy with much slaughter of civilians one of the chief cities of a fellow member, and the question of compensation for this savage outrage will never even be raised. It is established that a member of the League may in effect appropriate permanently four wealthy and extensive provinces of another, expel his administration and his troops, and develop this territory for his own purposes of strategy, capital investment and colonization, without meeting from the League any practical impediment whatever. It is established that the League, after elaborate inquiry on the spot and prolonged debate at Geneva, may declare by unanimous resolution that the warlike operations of one member at another's expense cannot be excused on the plea of self-defence, and involve the violation of three international treaties, and yet the League will neither obstruct nor penalize the Covenant-breaker, nor extend to his victim any material aid."<sup>1</sup>

By the end of 1932 the League had done nothing to alleviate the world depression. Relief to the stricken people of Central and Eastern Europe had been refused by the banning of their attempt to form themselves into some sort of economic unit; security to the victims of aggression had been refused by the failure to take action against Japan; and the major failures of the League were yet to come.

*Failure of the Disarmament Conference.* Throughout the greater part of 1932, 1933 and 1934 the biggest of all Disarmament Conferences was in session at Geneva. Disarmament had always been the most cherished object of the League. The first article of the Covenant to deal with policy laid down that "The Members of the League recognize that the maintenance of peace requires the reduction of national armaments to the lowest point consistent with national safety. . . . The Council, taking account of the geographical situation and circumstances of each State, shall formulate plans for such reduction for consideration and action of the several Governments." And the Versailles Treaty itself gave no other reason for disarming Germany than "in order to render possible the initiation of a general limitation of the armaments of all nations."

<sup>1</sup> H. N. Brailsford in *Property or Peace*. (1934.)

The business of limitation proved unconscionably difficult. Only in the naval arm was any limitation found practicable. The Washington Conference of 1921-1922 led to an agreement between Great Britain, the United States and Japan to destroy seventy of their warships in agreed proportion and to build no more for ten years. A second conference on naval disarmament met at Geneva in 1927 to discuss a similar limitation for cruisers; it broke down because Great Britain refused to reduce her own cruiser strength, on the grounds that she had 80,000 miles of sea communications to police. Three years later, at a third conference, held in London, Great Britain changed her mind and after arduous diplomatic work by Ramsay MacDonald accepted the principle of cruiser parity with the United States.

This was not much to show for twelve years of League effort towards disarmament. Nearly every nation had increased its expenditure on armaments in the postwar years: Great Britain was spending 535 million dollars on armaments in 1930 whereas in the year before the war she had spent only 375 million; France was spending 455 million in 1930 against 349 million in 1913; and the United States' expenditure had soared up to 728 million from a meagre 245 million. The League had done its best. A Permanent Advisory Committee on Disarmament had been appointed in 1920 and a Preparatory Commission was appointed in 1925 to do the preliminary work for a World Conference for the Reduction and Limitation of Armaments.

Seven years later that Conference met. The delegates were all agreed on principle: every nation wanted peace, of course, and safety; the problem therefore was the comparatively simple one of deciding the minimum military equipment needed by each nation. The first solution proposed was proportionate disarmament, a universal scaling down of forces by 50 per cent, as the Russians suggested, or by 33⅓ per cent as President Hoover preferred. But Great Britain protested that every ship in her fleet was necessary for police purposes and that she could not reduce them as would have been possible if they were intended against foreign Powers. Whereupon each foreign Power remembered that its forces, too, were merely police forces. Proportional disarmament was shelved.

The next proposal was to draw a distinction between offensive and defensive weapons and to abolish the former. This seemed simple.

Great Britain had no hesitation in proclaiming submarines offensive, and tanks over 20 tons most offensive, but insisted that battleships and bombing planes were purely defensive. But all the world knew that Great Britain was weak in submarines and was said to have only one tank over 20 tons and that an old one. So that scheme was shelved.

The most promising constructive suggestion was made by the French. They were frank enough to admit that human beings will never abolish weapons of war though they may attempt to control their use. France proposed to put an armed force under the control of the League of Nations, to be used to punish any power whom the League Council — by a majority vote, not necessarily by unanimity — should proclaim an aggressor. This League force would be highly trained and heavily armed. National Governments were to be allowed to maintain small forces of their own, but lightly armed and engaged for short terms only. All air weapons were to be in the hands of the League.

This plan was excellent in principle; in practice, however, it was open to certain objections. What would happen if the leaders of the League Army should prefer to obey the orders of their National Government instead of the League — Paris, for instance, instead of Geneva? What would happen if munitions, which must be made and kept somewhere, were appropriated by the State in whose land they were kept? What was to prevent the Schneider-Creusot dump, for instance, being appropriated by France in a moment of crisis? And even if these objections could be overcome, the fact remained that the League force would be used to enforce the Versailles settlement and the ascendancy in Europe of France.

Great Britain replied with a plan which was more blatantly self-interested than the French. It proposed the reduction of national armies to limits which were definitely fixed for certain Powers. Poland and Germany, for instance, were each to have 200,000 — although Germany had twice the population of Poland. France was to have 200,000 also, and an additional 200,000 for Colonial defense. In the case of Great Britain no limit was mentioned. Nor was naval reduction suggested; that was deferred, not to the Greek Kalends, but to the London Naval Conference of 1935. Nor was disarmament in the air seriously attempted: "The High Contracting Parties accept the complete abolition

of bombing from the air," said Mr. MacDonald, "except for police purposes in outlying areas." Since Great Britain had more outlying areas to police than any other power, that proviso might be expected to work to her advantage. The Disarmament Conference failed, though it provided a liberal education in a subject on which the public was not used to bringing its mind to bear.

It was not to be expected that the lion would lie down with the lamb just because a Conference was being held at Geneva, but three great opportunities were presented to the assembled delegates and each was lost. First, this was the time to accept Germany as a member of the comity of nations, in a spirit stronger than that of Locarno, by allowing her equal opportunities for self-defense. Either the Powers must disarm to Germany's level — no submarines, tanks, military aircraft, guns over 4.5 inches, nor ships over 10,000 tons — or they must allow Germany to rearm. They refused to do either, and Germany very properly walked out of the Conference and resigned from the League on October 14, 1933.

Nothing vital could be done until Germany could be tempted back to Geneva, and so the other two opportunities were missed as well. The Conference had had a chance of internationalizing civil aviation. Nothing is easier than to convert a plane for carrying passengers into a plane for carrying bombs. Civil aviation was then in its infancy; everyone expected that it would grow enormously in the next decade. It is essentially international, in the sense that national barriers do not exist in the air. The internationalization of air services would have made them immeasurably cheaper and more efficient. Yet nothing was done; nations were left to build up their private services of planes with an eye to quick conversion for purposes of war.

Finally, the Conference lost its opportunity to bring private armament-manufacturers under control. "The Members of the League agree," in Article Eight of the Covenant, "that the manufacture by private enterprise of munitions and implements of war is open to grave objections. The Council shall advise how the evil effects attendant upon such manufacture can be prevented. . . ." The Council had other matters to attend to. Besides, only a few nations possessed the materials, plant and technique necessary for making modern instruments of war. Each of those nations preferred to put none but the

minimum of restriction upon such valuable industries. To take armament manufacture under State control would mean accepting State responsibility for the purposes for which those arms were used: it was more convenient for French, British, and United States ministers at Geneva to deplore the Sino-Japanese war and the Bolivia-Paraguay war while their nationals were busy fulfilling lucrative contracts of arms for China and Japan and for Bolivia and Paraguay. Only occasionally did a private manufacturer overreach himself, as when a British firm inserted an illustrated advertisement for "war material of all kinds" in a German paper, at the very moment when the British Government was assuring France of their deepest sympathy with the French fear of German rearmament.

The failure of the Disarmament Conference meant a return to arms. All over the world the nations now pinned their faith to power—in economics, to power rather than prosperity; in politics, to power rather than peace. The year 1935 saw war in Abyssinia, 1936 war in Africa, 1937 war in China, and 1938 the annexation of Austria and the partition of Czechoslovakia. Historians may well call the period that followed 1933 the Years of Fear.

*The Repudiation of Treaties.* The elaborate system of treaties on which peace was founded after the world war first cracked in 1931 when Japan seized Manchuria. The fissure was widened by Germany when Hitler repudiated the disarmament clauses of the Versailles Treaty in 1935 and renounced the Locarno Pact by marching troops into the Rhineland in March 1936. But the system was not really destroyed until Mussolini defied the world by his conquest of Abyssinia between October 1935 and May 1936.

By invading Abyssinia Mussolini broke innumerable pledges and at least four specific treaties. He violated the Tripartite Treaty of 1906 by which Italy, France and Britain had undertaken to maintain "the political and territorial *status quo* in Ethiopia"; he violated the Covenant of the League of Nations; he violated the Italo-Abyssinian treaty of 1928 pledging both countries to arbitrate upon any eventual disputes without having recourse to the force of arms; and he violated the Kellogg Pact. What is more serious, he defied all efforts of the Powers in conference to put bounds to his aggression, and proved that the

sanctions machinery of the League of Nations was unworkable. He demonstrated to potential aggressors the world over that the League Powers were not prepared to pay the premium on which the assurance policy of peace depended: he proved that they were not prepared to risk war.

There is no doubt that both Britain and France were anxious to prevent the absorption of Abyssinia in the Italian Empire. In April 1935 a special session of the League Council condemned the "unilateral denunciation of treaties." In July, the British Minister, Mr. Eden, seeing that Mussolini meant business, proposed that Abyssinia should give him part of Ogaden in return for Britain's cession of the coastal town of Zeila with a strip of desert connecting it with the interior. But Mussolini meant bigger business than this, and hurried on his preparations for invasion. In the autumn Great Britain returned to the attack at Geneva, where Sir Samuel Hoare made his celebrated speech on September 11 affirming that Britain would stand by the Covenant in spirit and in letter and that "the rule of law in international affairs was Britain's sole interest." Mussolini happened to know that on the previous day Hoare and the French Premier Laval had come to an understanding that their countries would have no part in imposing military sanctions or a naval blockade or, in their own words, "in anything that might lead to war." In other words, British and French interest in the rule of law did not extend to playing the policeman.

In October Italian troops entered Abyssinia, and in November fifty nations in conference at Geneva, having determined at last that Italy was an aggressor, determined to apply economic sanctions against her. This meant that fifty nations agreed not to supply Italy with money or arms or with certain industrial commodities. Iron, steel, coal and—most important of all—oil, were not included. A committee of experts at Geneva reported that an oil embargo "would have effectively frustrated Italy's attempt to conquer Abyssinia," but the Anglo-Iranian oil-fields and the Anglo-Egyptian refinery at Suez worked overtime to complete Italian orders, and the Italians pressed on their victorious way to Addis Ababa.

Public opinion was not everywhere so cynical as Cabinet ministers. When, in December, Sir Samuel Hoare went to Paris to arrange with the French to offer Mussolini *carte blanche* in return for a share of



the spoils, the British people, remembering his Geneva speech, were so angry that Sir Samuel had to resign his post of Foreign Minister. This made no difference to Mussolini. Helped by the mistakes of the Ethiopians, the Italians captured Addis Ababa in May 1936, and the war was over.

Two months later sanctions were withdrawn. They had never been intended as more than a sop to liberal opinion. As Winston Churchill wrote: "The sanctions which we have been pressing with so great a parade were not real sanctions to paralyse the invader, but merely such half-hearted sanctions as the invader would tolerate."

The acquiescence of the League Powers, and especially of Britain and France, in a war of unprovoked aggression convinced Hitler that he had nothing to fear from further treaty-repudiation. In March 1936 he marched his troops into the demilitarized zone of the Rhineland in defiance of the Locarno Pact. In March 1938 he annexed Austria in defiance of half a dozen other pledges. By that time, the last shreds of the system of collective security were being sewn together to make a shroud for Spain.

*The Failure of Nonintervention.* It is in the nature of nations to regard their political systems as an article of export. Democrats believe that the world can be made safe for democracy by the destruction of non-democratic régimes. Communists believe that Soviet Russia can never be safe while Communism has no footing in other countries. Fascists believe that non-Fascist powers must ultimately be enemies. The newer the creed, the more acute is this feeling. When, therefore, about the beginning of 1934, it became obvious that civil war was brewing in Spain, the Fascists were the most active missionaries. Hitler sent Hans Hellerman to organize the German population in Spain as Nazi agitators; he received General Sanjurgo in Berlin and won over General Goded of Catalonia. Mussolini received a monarchist deputation headed by Don Giocoechea in March 1934 and promised help in arms and money to the authoritarian parties. Two days before war broke out in July 1936, a squadron of Italian planes landed in Spanish Morocco to help General Franco. In the same month German airplanes, pilots and technicians took their place under the insurgent command. Communism by this time had lost some of its missionary

zeal. Moscow had sent agents and money to Spain before the war broke out, but Soviet planes were not seen in the Spanish sky until November 17, 1936, when they appeared in the nick of time to save Madrid.

Democracy, on the other hand, had lost nearly all belief in itself as an article of export. The leaders of the Popular Front in France had little desire to support the Popular Front in Spain. The policy of the French Premier Blum was to prevent the Spanish civil war from spreading into a European conflagration by organizing international nonintervention in the affairs of the peninsula. This was eagerly taken up by the British Government which imposed an international embargo on the export of arms and munitions to Spain. International law was violated by this, for the Spanish Government had been officially recognized and had a legal right to purchase armaments wherever sellers could be found. Equity was also violated, for the Spanish rebels were in possession of nearly all the armaments of Spain, whereas the Government could lay its hands on nothing but a few thousand old rifles. Nevertheless there was much to be said for the policy of non-intervention, if only it could have been made effective.

The International Supervisory Committee for Non-Intervention was set up in London on September 9, 1936. It included representatives of Italy, Germany and Soviet Russia. In November an Italian expeditionary Force of 50,000 men was mobilized in Italy, an Italian commander took possession of most of the Balearic Isles and proceeded to fortify Majorca and Ibiza, German "volunteers" were drafted to Spain by the thousand, and Russian airplanes were sent to Madrid.

It might have been imagined that this would have been sufficient to end the meetings of the Non-Intervention Committee and to condemn the policy for which it stood. The alternative, however, appeared to be European war in the Mediterranean, and rather than risk this the British Government were willing to accept yet another pledge from Mussolini. On January 2, 1937, they signed what was called a "Gentleman's Agreement" with Italy in which both Powers disclaimed "any desire to modify or see modified the *status quo* in the Mediterranean." On the very day that this was signed 10,000 more regular Italian troops landed at Cadiz. Then, on March 27, Signor Grandi, the Italian representative on the Non-Intervention Committee, announced that

"not a single Italian volunteer would leave Spanish soil until the end of the civil war."

Still the polite comedy went on. The Non-Intervention Committee instituted a naval blockade of the Spanish coast to prevent the ingress of war materials. The Italian and German fleet took part in the blockade at first, and used the opportunity to bombard Spanish Government ports. There was no agreement, of course, to prevent the import of food to Spain, but Franco's fleet sunk British foodships under the nose of British patrol squadrons and no action was taken by way of reprisal. Sir John Simon, who had announced in 1936 that he "was not prepared to see a single ship sunk in the cause of Abyssinian independence" was willing to see many sunk in the cause of the dependence of Spain.

Two years after the outbreak of the Spanish civil war, there were 80,000 Italian and 20,000 German troops fighting on one side and 10,000 international volunteers and some hundreds of technicians officially sent from Russia on the other. Nonintervention had not been abandoned as a window dressing, but it had obviously failed in fact.

And that was not all. In the autumn of 1938 the last vestiges of decency which still covered the brutality of international relations were torn off by Hitler's ultimatum to Czechoslovakia and by the ensuing partition of that democratic Republic.

Indeed not a shred remained of the international rule of law that had been woven round the League of Nations in the 1920's. Treaties had been repudiated, sanctions had failed, nonintervention had failed; China and Czechoslovakia, the darlings of Geneva, had been partitioned; Austria, Geneva's foster child, had been annexed. Germany and Japan, the avowed enemies of the League, bestrode East Europe and East Asia respectively. In 1938 as in 1914 Britain was wavering and America proclaiming a policy of isolation. In 1938 as in 1914 every nation was arming to the height of its financial resources. In 1938 as in 1914 the danger spots of Europe were the Western Mediterranean and the Balkans. Internationally, the world was back in the prewar era.

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## II · NATIONALISM TRIUMPHANT

INTERNATIONAL relations depend upon international trade. The breakdown of trade between nations in the Great Depression was the signal for the repudiation of treaties and of the League system. To people brought up in the traditions of *laissez-faire* and economic individualism, these breakdowns appeared catastrophic. Actually they were nothing of the sort. The system of international trade conducted by private capitalists in their own interests had broken down because of its inherent inadequacy; its failure was the necessary prelude to a new organization of the economic life of the world.

*Economic Nationalism.* There are two principles on which the business of the world may be done. The first is the principle of the division of labor, by which each country produces what it is best fitted by geography and genius to produce, and exports its surplus in exchange for the surplus of other countries. This system was highly developed in the nineteenth century and added immeasurably to the wealth of the world. It worked to the special advantage of the industrialized countries, the demand for whose goods was constantly increasing, and to the relative disadvantage of agricultural and pastoral countries for whose products the demand is relatively stable. Furthermore it led to fierce competition between industrialists and financiers for raw materials and for markets: that competition produced the class antagonism which was the greatest curse of the early twentieth century; and it was also the basic cause of the great war of 1914 and of the great depression of 1929.

In view of this it is not surprising that the world was ready to abandon division of labor in favor of the second principle, that of mercantilism or economic nationalism, by which each nation aims at producing at home as many of the necessities and comforts of life as possible. The advantage of this system is that each nation feels independent of the plight of its neighbors. Its disadvantages are apparent: it means a

divided world, and, carried to its logical conclusion, it means a poor world. In every country economic nationalism involves a reduction in the standard of living, and in small nations it may involve a return to almost medieval conditions.

It is obvious, therefore, that the world must find a middle way between international free trade and economic nationalism. In the period between 1929 and 1939, ideas as to the nature of this middle path were confused: on one hand there was a movement towards economic isolation, on the other a movement towards international co-operation to avert breakdown and to restore international trade. The confusion became most obvious at the World Monetary and Economic Conference which met in London under League auspices in June 1933.

*World Economic Conference.* The object of this Conference was to put an end to the fluctuation of currencies and the multiplication of tariffs which were making the restoration of international trade impossible. Prospects of success seemed bright, for leading ministers of the Great Powers had visited the American President in Washington and all seemed agreed on the advantages of stabilizing currency and reducing tariffs. "The necessity for an increase in the general level of commodity prices is recognized as primary and fundamental," said the Roosevelt-MacDonald communiqué; "we must, when circumstances permit, re-establish an international monetary standard which will operate successfully." The Roosevelt-Herriot communiqué promised "the raising of world prices by diminishing all sorts of impediments to international commerce, such as tariff, quota and exchange restrictions, and the re-establishment of a more normal monetary and financial situation."

But no sooner had the delegates assembled for the Conference than all promises were forgotten. Roosevelt was playing a double game, letting the dollar drop in value while the leader of the U. S. delegation, Cordell Hull, was still under the impression that he wanted stabilization. Cordell Hull arranged with France a scheme to stabilize the exchanges during the session of the Conference; Great Britain agreed, and nothing was lacking but the formal assent of the American President. But Roosevelt refused: he had no intention of agreeing to anything that might cause prices to fall in America.

The Conference swallowed this rebuff and settled down to committee work. But the American dollar went on depreciating and France nervously insisted that some guarantee should be given of America's intention to stop fluctuation as soon as possible. To placate the French, a declaration was drawn up and sent to Roosevelt for his signature. It was worded in the loosest terms; its most definite paragraph read: "Each of the Governments signatory hereto agrees to ask its central bank to work together with the central banks of other Governments which sign this declaration in limiting speculation and, at the proper time, re-inaugurating an international gold standard."

No one doubted that Roosevelt would sign. But Roosevelt refused. And his message of refusal was couched in such rude and final terms that the Conference was shattered.

"The world will not long be lulled," he cabled, "by the specious fallacy of achieving a temporary and probably an artificial stability in foreign exchange on the part of a few countries only.

"The sound internal economic system of a nation is a greater factor in its well-being than the price of its currency in changing terms of the currencies of other nations . . .

"The old fetiches of so-called international bankers are being replaced by efforts to plan national currencies with the objective of giving to those currencies a continuing purchasing power which does not greatly vary in terms of the commodities and need of modern civilization.

"Let me be frank in saying that the U. S. seeks the kind of dollar which a generation hence will have the same purchasing power and debt-paying power as the dollar we hope to attain in the near future . . ."

And more to that effect—America would set her own house in order and let the rest of the world go hang.

The Conference was dead. It broke up at the end of July having achieved nothing except one paltry understanding between wheat-producing countries to limit their exports for the coming year and another between countries holding silver to restrict their sales for the next five years.

Perhaps Roosevelt was right. It was easy to talk of "the re-establishment of an international money standard" but this could not be

achieved until each nation had developed a technique for controlling the value of its money. A national currency has two values: an external value in terms of the currencies of other nations, which is determined by its balance of payments, by the ratio between what it sells and what it buys; and an internal value which depends on the ratio between money in circulation and the amount of goods (and the money side of this equation is made up not only of the actual amount of money, but also of the volume of credit available at any given time, and the rapidity with which money is circulating). Now the advantage of the old gold standard was that it kept the external value of currencies stable between countries which maintained it. The disadvantage was that it did nothing to keep internal prices stable: if the supply of gold in the world at any given time was low and the need for currency high, then a general drop in prices would follow. This is what happened in the postwar years when the shortage of gold was accentuated by the policy of the creditor countries, France and the United States, who refused to use the gold paid to them but locked it up in the cellars of their banks. From one point of view they cannot be blamed for this; if they had used their gold their prices would have risen so high that foreign countries could not have afforded to buy their goods. But by sterilizing such a large part of the world's gold supply they made a farce of the international gold standard.

*Planning.* The alternative to the gold standard was a "managed" currency. Instead of having currency convertible into gold, currency could be made inconvertible and the amount in circulation increased or decreased at will according to the demands of the moment. The necessity for decrease or increase could be measured by the movement of prices: for purposes of comparison a certain year, say 1926, would be taken as normal, and prices of a representative selection of goods at any given time compared with their price in 1926. Then if prices had fallen currency would be expanded, if they had risen currency would be contracted. The advantage of this would be that internal prices could be stabilized. But what would happen to the external value of currency? Surely the exchange rates between countries would fluctuate and international trade be handicapped? The answer of the managed currency advocates was that if *all* countries adopted a managed currency and

stabilized their prices there need be no fluctuation of international exchanges; and this was no doubt true. A more serious objection was that, in the present stage of economic development, knowledge of monetary mechanism was not sufficiently developed to make human manipulation of a currency-system safe. The great advantage of the unmanaged gold standard was that it was so nearly fool-proof. After 1933 economists seemed to be in favor of re-establishing the gold standard at parities corresponding to the new international values of the currencies of each nation. But before this solution, or the alternative of a managed commodity currency, could be carried out, there would need to be years of Government experiment in controlling the internal value of national currencies.

We have seen something of the attempts in this direction made in the totalitarian countries and in the United States, France and Great Britain. The work of the British National Government which first came into power in 1931 did not constitute a New Deal, for it did not attempt any redistribution of wealth between the various classes as Blum had done in France (see page 65) or Roosevelt in the United States. But it was a valuable demonstration of how far economic nationalism, or the State control of economic forces, can be carried without upsetting the delicate balance of the capitalist system. As an English economist has said: —

In the financial sphere the establishment of the Exchange Equalisation Account, combined with the predominance of the Treasury bill in the money market, the increased gilt-edged holdings of the Public Departments and the unofficial powers of veto exercised by the Treasury over foreign loans, has greatly curtailed the autonomy of the Bank of England and practically converted that institution, so far as monetary management is concerned, into an appanage of the Government. The direction and development of Britain's foreign trade have been profoundly affected by the 1932 Import Duties Act and by the series of consequential trade pacts which the Government has negotiated. Not merely have the export industries thereby been reorientated; home production has been increasingly encouraged to look for protection both from the tariff and from quota regulation of imports. Such protection has been reinforced by subsidies — notably in the case of agriculture, but in relation also to tramp shipping and commercial air services. And subventions have rarely been unconditional. Usually the grant of subsidy or protective tariff has been made dependent on the willingness of the



industry concerned to "put its house in order" by accepting regimentation from a Marketing Board or from a Trade Association of its own creating, as in the coal and iron and steel industries.

In short, the period under review has been one of tentative experiment along the lines of a "managed economy." The process of trial and error has not gone nearly as far in this country as in the United States. British industry has been subjected to no New Deal; the foundations of the Conservative City have not been shaken by the imposition of any sort of control analogous to that exercised by the Securities Exchange Commission in New York. Many of the types of financial structure reviewed—e.g., the banks and the new issue market—have been barely touched by the basic influences at work, and others—for example, the building societies—have been influenced only indirectly by Government policy, i.e., in housing. But whether the spectator be concerned with retrospect or prospect, he will appreciate recent trends the better if he views them in relation to the background, as indicated, of gradual, empirical and—it will be generally conceded—questionably successful State encroachment into private enterprise.

The result of these measures of reconstruction, together with the fillip given to industry by rearmament, was a return to a measure of economic prosperity spreading outwards from Britain, France and America to their client-nations in the years between 1934 and 1937. In spite of wars and rumors of wars, these were years of economic boom. Then, about the middle of 1937, came signs of a coming slump. In each of the three great democracies industrial expansion slackened and unemployment figures rose.

*The Control of Credit.* Economists divided into two camps in their attempts to explain this. Some decided that the blind forces of the Trade Cycle were at work and that the world was on the verge of another inevitable depression. Others believed that the recession of 1937 was due to the action of private industrialists and financiers who were determined to sabotage the New Deals and shake themselves free of State control. According to Dr. Paul Einzig, the best-known contributor to the conservative London *Financial Times*, "1937 was the year of the Rich Men's Revolt." The British Chancellor of the Exchequer asked for a National Defence Contribution from industrialists' profits to help finance the gigantic rearmament program. This contribution was promptly refused by the moneyed interests, and

Prime Minister Chamberlain was thrown back on financial expedients which had the effect of adding half a million names to the unemployment roll in the year that followed. The French Premier enforced the 40-hour week, and the Two Hundred Families retaliated by sending their capital out of the country so that a crisis to the franc was threatened and Blum was driven to resign. The American President threatened to carry on his New Deal in spite of rulings by the Supreme Court, and American investors, anxious for their profits and their "rugged individualism," simply refused to invest in new enterprises. The result was a slump in the course of which millions of men were thrown out of work.

Looked at from the angle of 1938, the New Deals in Britain, France, and the United States were all, in part at least, failures. The reason for the failures was that their Governments had declined, or been unable, to take into their power the banks and other agencies for creating credit and directing investment. The British National Government took England off the Gold Standard and set up an Exchange Equalization fund to help balance foreign exchange, but it turned down the Labour Party's proposals for nationalizing the Banks and setting up a National Investment Board. Blum's Government had curbed the power of the Two Hundred Families on the board of the Bank of France, but had left them free to expatriate French capital. Roosevelt had broken the private banks' liaison with investment corporations, but did not take the opportunity which the 1933 crisis offered to put the banking concerns under federal control.

The great problem which faced all social reformers in 1938 was, therefore, how to control credit in the long-run interest of the country as a whole, instead of leaving it to private agencies to control in the short-run interest of financiers. In totalitarian States the solution was easy: a Stalin, a Mussolini, a Hitler could simply take the control of credit into his own hands. But could the problem be solved in a democracy? There were one or two experiments that seemed to show that it could. Unfortunately, these were in small countries which receive little publicity.

*Socialism in New Zealand.* In December 1936 the first Labour Government to attain full power in any part of the British Empire came

into office in New Zealand. The Finance Minister, Mr. Walter Nash, indicated at once where the core of the problem lay: "Reorganization of a country's economic structure," he said, "requires that the country's currency and credit system must be under the control of those who are carrying out the reorganization." A year later he was able to announce that the Reserve Bank, made an entirely State institution, "has now full power to buy and sell Government securities, to underwrite Government loans, and advance to the Government money on overdraft for the purchase and marketing of any New Zealand product. The Bank is directed to control all foreign exchange funds resulting from New Zealand's exports, and all the transfer of overseas funds to and from New Zealand. Power is given to prevent, if necessary, the automatic convertibility of Reserve Bank notes into sterling." Side by side with this, a State Advances Corporation was established as the instrument for providing long-term finance for all aspects of economic development.

Here, then, was the financial machinery ready in the Labour Government's hands for directing the New Deal. But it was not so much the machinery as the principle on which it was used that is important. Defying the orthodox economists of the world Mr. Nash held, in the words of a New Zealand opponent, that "the function of credit is to enable labour to transform raw materials into consumable goods. If labour, materials and demand for finished products are all there, only good can result from the provision (or creation) of the necessary credit. It is when labour or raw materials are lacking that continued creation of credit causes inflation. All is well if new credit is always balanced by a new marketable asset, and if supply always equals demand."

On this principle the New Zealand Government launched their reforms. The Reserve Bank provided the capital for public works on roads and railways, bridges and airdromes. The State Advances Corporation provided capital to local authorities for building and to private tenants for buying houses, to industries for new developments and to mortgagees for paying off their mortgages. To ensure that the new purchasing power should find its way into the pockets of the needy, basic wages were fixed at a level sufficient to enable adult male workers to maintain a wife and three children "in a fair and reasonable

standard of comfort." Pensions were raised to a weekly rate of 20 shillings for an unemployed bachelor, thirty shillings for a man of sixty, and twenty-five shillings for widows. A family allowance scheme gave mothers four shillings a week for the third and each subsequent child in cases where the family income was under 80 shillings.

But the most important measure taken by the New Zealand Government of 1936-1938 was their price-fixing scheme. The dairy farmers, whose products constituted nearly half of the country's exports, were guaranteed a fixed price every year on the basis of the average price over the last ten years. The Government assumed ownership of all dairy produce intended for foreign consumption, and handled its export and sale through a primary Products Marketing Department. Thus the farmers were protected from losses caused by the fall in the price of their commodities on overseas markets. If loss there should be, it would be borne by the Government, which would recoup itself from the profits gained in boom years. (Actually the first season showed a loss and the second a gain.) By constituting itself a sort of insurance company to spread the losses of the most valuable section of the producing community, the Government protected the New Zealanders against a recurrence of the slump which had devastated every agricultural country in the world in 1929.

In all this "orthodox" prophets believed that the Labour Government were riding for a fall, especially when, early in 1938, they fell foul of the organized interests of the medical profession by proposing to extend health insurance to a general State medical service. But public opinion gave the prophets the lie, for at the general elections of October 1938 the Labour Government was returned again by an increased vote.

*Sweden's Middle Way.* To find another example of a country making a successful recovery from the great depression and at the same time carrying out social reforms of sufficient importance to constitute a New Deal, we must turn from New Zealand to the other end of the earth. Sweden, like New Zealand, was exceptionally dependent upon foreign trade (the value of Sweden's foreign trade per head of population was more than three times that of the United States); like New Zealand she was hit exceptionally hard by the economic depression;

and like New Zealand she emerged from it so successfully as not to feel the recession from which America, Great Britain and most other nations began to suffer in the autumn of 1937.

The first step which Sweden took to rise out of the depression was to throw over her gold ballast. In September 1931 the krona was allowed to depreciate. The Government was careful not to let it fall far, and avoided the mistake of following a deflationary policy; at the same time it was successful in increasing its holdings of foreign currency by 150,000,000 kronor in twelve months. But those steps, which undoubtedly softened the impact of the slump, were not in themselves enough to cause a boom, and by September 1932 one in every four of Sweden's workers were unemployed. It was clear that more drastic measures were needed and the electors returned a minority Social-Democratic Government to power in the hope that it would supply them.

The electors were not disappointed. The Social Democrats adopted a new budgetary theory, holding that attempts to balance the budget year by year resulted only in increasing the oscillations of the trade cycle. Their policy was to raise loans during slump years which would be repaid out of the surplus accruing from taxation during boom years. They further believed that expenditure on public works should be withheld during boom years and that plans for new works should be prepared, but held up until the first signs of a slump, and then put into operation immediately so as to counteract and largely to nullify the downward trend of production and employment.

Acting on this theory, the Swedish Government raised 22,600,000 kronor by loans during this financial year 1933-1934 — nearly double the sum raised during the previous year — and with this in hand they were able to redistribute the national income so as to give a much-needed fillip to demand in the home market. The instrument of this policy was public works, but public works of a new type. The Swedes had long been accustomed to setting unemployed men on to relief works, but these had always consisted of immediately necessary public utilities, and the wages paid were lower than normal rates. The Social-Democratic Government extended the system to private as well as public utilities, to long-term programs as well as to immediate necessities; they insisted on the principle of paying full Trade Union

wage-rates, and they aimed not so much on giving relief to the unemployment as to stimulating a general industrial recovery. They increased the State grants to agriculture, education, defense, communications and the social services—particularly to the two last. (It is noteworthy that the State was devoting more than twice as much to social services and nearly twice as much to communications in 1938 as had been devoted in 1930.) They increased the grant to State businesses, which included air transport, tobacco manufacture, liquor wholesaling and a 50 per cent interest in the largest iron-mining company. They advanced money in the form of subsidies and bonds for road, railroad and harbor construction, for house-building and for improvements in forestry and the provision of smallholdings. Altogether a sum of 247 million kronor was devoted to public works of one sort or another during 1933–1934, compared with 26 million kronor during the preceding year. Thanks to this policy, unemployment fell towards the end of 1933, and by 1934 Sweden was beginning to enjoy boom conditions.

The economic recovery of Sweden would not have been possible without two conditions which have not yet been mentioned. The first was the revival of the demand for Sweden's goods abroad, especially for her metals and armaments on which the rearmament program of every European nation after Hitler's rise to power set a high premium. The second was the control which the Swedish Government was able to exercise over currency and credit.

Long before the Social Democrats came into office the Swedish banking system had been brought under State control. The Central Bank (Riksbank) was a State institution, with its directors nominated by Parliament and responsible to a parliamentary Banking Committee. The joint-stock banks held deposits with the Riksbank and were obliged to send in returns showing their foreign liabilities and assets.

When the Social Democrats came into office they used their power over the banking system in three directions. First they revised the relationship between the banks and industry, confining banks' advances to industry to short loans for terms of six months allowable only on adequate security, and setting up a new State-controlled company for providing long-term credits. Second, they got the Riksbank to reduce

the discount rate to  $2\frac{1}{2}$  per cent and forced the long-term interest rate down to 3 per cent. Third, they accumulated holdings of gold and foreign assets to the extent of multiplying the central bank reserves by six. The effect of this provision of security and cheap money was to make possible the expansion of industry in Sweden and at the same time to make industrialists feel confident about the future of interest rates.

By 1936 Sweden was nearing the peak of a boom: wholesale prices had risen by 20 per cent since 1932 and the cost of living had risen by no more than 3 per cent. It was time to consider what steps should be taken to counteract the slump which must inevitably follow before long if speculation were allowed to take its course. Luckily, at this moment a general election returned the Social Democrats to power with an increased majority. They immediately set a committee to work to prepare a report of the probable extent of public works expenditure during the ten years between 1937 and 1947. The amounts covered both State and municipal works and were listed under three heads: normal public works needed for the first five years, normal public works needed for the second five years, and necessary but not urgent works which might be undertaken if and when considerations of general policy were to make them desirable. It was intended to hold this third category in reserve (their amount was 388 million Kr.), putting them into operation as soon as a slump began to manifest itself, but holding them back until that moment so as not to swell a boom to dangerous proportions. It is not too much to say that Sweden was the only nation in the world in 1938 to take thought for the morrow and to provide means of counteracting the economically disastrous trade cycle which Governments had hitherto regarded as no less inevitable than changes in the weather.

*In Conclusion.* The movement towards economic nationalism was in reality an attempt to organize the productive forces for the good of the community as a whole, instead of leaving them unorganized for the benefit of a few individual producers. This organization was a necessary prelude to a resumption of international trade on a new basis of official State bargaining, which had every prospect of being more beneficial to the peoples of the world in general than the old

method of private bargaining by individuals responsible only to themselves.

Although international relations appeared to be at their worst at the end of 1938, a new economic principle was being applied in nation after nation — a principle which could be the basis for a new international organization in the future.

THE END





## SHORT CHRONOLOGY

1918.

- Jan. 8. President Wilson's Fourteen Points.
- Nov. 11. Armistice signed by Germany.

1919.

- Jan. 18. First Plenary Session of Peace Conference.
- June 28. Treaty of Versailles with Germany.

1920.

- Mar. 19. U. S. Senate rejects Peace Treaty.
- Nov. 15. First Assembly of League of Nations.

1921.

- October. League Reconstruction of Hungary.
- Dec. 13. Four-Power Pacific Treaty at Washington.

1922.

- Feb. 22. Britain recognizes Egyptian independence.
- Oct. 26. Fascist march on Rome.

1923.

- Jan. 11. Franco-Belgian occupation of Ruhr.
- July 24. Treaty of Lausanne with Turkey.
- Aug. 31. Italian bombardment of Corfu.

1924.

- Feb. 1. Britain recognizes Soviet Government.
- Aug. 30. Dawes Plan signed.

1925.

- Mar. 10. Britain rejects Geneva Protocol.
- Dec. 1. Pact of Locarno signed in London.

1926.

- April 24. Russo-German treaty.
- May 12. Pilsudski's *coup* in Poland.

## 1927.

- Oct. 23. Stalin ousts Trotsky and Zinoviev.
- Nov. 22. Italian treaty with Albania.

## 1928.

- July 27. Tariff treaty between U. S. A. and China.
- Aug. 27. Briand-Kellogg Pact signed.

## 1929.

- June 10. Mussolini's Concordat with the Pope.
- Aug. 31. Young Plan approved.
- Oct. 3. Death of Dr. Stresemann.
- Oct. 23. Wall Street stock market collapses.

## 1930.

- April 14. Austro-German commercial treaty.
- April 22. Naval Treaty (Japan, Britain, U. S. A.)
- June 30. Final evacuation of Rhineland.

## 1931.

- Mar. 21. Austro-German Customs Union.
- May 11. Austrian Bank failure.
- Sept. 19. Japanese invade Manchuria.
- Sept. 21. Britain abandons Gold Standard.

## 1932.

- Feb. 2. Disarmament Conference opens.
- July 9. Lausanne Reparations agreement.
- Aug. 20. Ottawa trade agreements.
- Nov. 8. Roosevelt elected President.

## 1933.

- Jan. 30. Hitler becomes Chancellor.
- June 12. World Economic Conference opens.
- Oct. 14. Germany withdraws from League.

## 1934.

- Feb. 12-14. Viennese Socialists suppressed.
- July 25. Nazis murder Austrian Chancellor.
- Sept. 18. Soviet Union joins League.

## 1935.

- Mar. 16. Hitler re-introduces conscription.
- May 2. Franco-Soviet Pact signed.
- June 18. Anglo-German naval agreement.
- Oct. 2. Italians invade Abyssinia.

## 1936.

- Mar. 7. German troops march into Rhineland.
- July 4. Withdrawal of sanctions against Italy.
- July 17. Outbreak of Spanish Civil War.

## 1937.

- Jan. 2. Anglo-Italian "Gentleman's Agreement."
- Feb. 17. British rearmament scheme.
- July 27. Outbreak of Sino-Japanese War.
- Sept. 25. Mussolini's Berlin visit.

## 1938.

- Mar. 12. German invasion of Austria.
- Sept. 29. Munich Four-Power agreement.
- Oct. 1. Partition of Czechoslovakia begins.
- Nov. 16. Anglo-Italian Pact comes into force.



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